

TRANSCRIPT OF BENCH TRIAL - DAY FIVE
BEFORE THE HONORABLE THOMAS J. RUETER
UNITED STATES MAGISTRATE JUDGE

For Defendant
C. Hippel, et al:

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5 Proceedings recorded by electronic sound
6 recording; transcript produced by computer-aided
transcription service.

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1 (The following was heard in open court at
2 9:12 a.m.)

3 THE COURT: Good morning. I'm sorry I'm
4 late.

5 ALL: Good morning, Your Honor.

6 THE COURT: I'm ready to go.

7 MR. BERKOWITZ: Your Honor, a couple of quick
8 issues.

9 THE COURT: Sure.

10 MR. BERKOWITZ: One, since we are at the last
11 day, I need an address for service of documents on Mr.
12 Hipple. I am sure he is not part of the electronic
13 filing system, and I don't have a U.S. address for
14 filing and I just ask that at some point I be provided
15 with that.

16 THE COURT: Yes. We are going to need that
17 too, Mr. Hipple.

18 MR. HIPPLE: I basically don't have a U.S.
19 address. I mean, I can give you an address of someone.

20 THE COURT: Okay. And you will be notified
21 and you will be able to receive documents? Like, for
22 example, if I issue an order, a court order or notice
23 of a hearing --

24 MR. HIPPLE: Oh, okay, yeah.

25 THE COURT: -- you're going to need --

1 MR. HIPPLE: A physical address.

2 THE COURT: Mr. Berkowitz is right, there is
3 nothing on the docket with your address.

4 MR. HIPPLE: Okay.

5 THE COURT: It will automatically go to your
6 lawyer, your former lawyer.

7 MR. HIPPLE: No, we don't want that, Your
8 Honor. Should I give that to him now?

9 THE COURT: Yes. Can you give it to us now?

10 MR. HIPPLE: 9206 Andover, I think it's
11 A-N-D-O-V-E-R Road, Philadelphia, PA 19114, and that is
12 my cousin, Robert Costello.

13 THE COURT: Okay. So, anything addressed to
14 you will be received by him?

15 MR. HIPPLE: That's correct.

16 THE COURT: Okay.

17 MR. BERKOWITZ: Thank you.

18 THE COURT: Fine.

19 MR. BERKOWITZ: I don't know if it would help
20 to have an e-mail, I don't know if that is required.

21 MR. HIPPLE: Yes, I have e-mail.

22 THE COURT: Do you have an e-mail?

23 MR. HIPPLE: Yes, Your Honor. I would
24 probably prefer a lot by e-mail if there is anything.

25 THE COURT: Sure.

1 MR. HIPPLE: It's hipple828@hotmail.com.

2 THE COURT: Okay. Good. Thank you. Is
3 there a phone number at all?

4 MR. HIPPLE: There is a Skype number, but I
5 don't have it with me.

6 THE COURT: All right. Maybe later on you
7 can supply it to us.

8 MR. HIPPLE: Yes, yes, I can.

9 THE COURT: All right. Good.

10 MR. HIPPLE: Because once I am out of the
11 country, this phone is no good.

12 THE COURT: All right.

13 MR. BERKOWITZ: Your Honor, the only other
14 point, my client, Teresa Concepcion, was on the stand
15 and after we left I drove her home. I did not talk to
16 her about the testimony, but I did advise her again of
17 her attorney/client privilege, and I explained it to
18 her again, and she wants to preserve it.

19 THE COURT: All right.

20 MR. HIPPLE: Before we get started, Your
21 Honor, I have two exhibits that I would like to try and
22 get into evidence that were just given to me. But,
23 unfortunately I don't have a copier machine, so I would
24 like this --

25 THE COURT: All right. We will make a copy

1 for you.

2 MR. BERKOWITZ: My only question is, is this
3 for Ms. Concepcion or for yourself?

4 MR. HIPPLE: No, this is for myself.

5 THE COURT: Why don't we wait until after we
6 are finished.

7 MR. HIPPLE: Okay. Fine.

8 THE COURT: Make sure that you hold on to
9 that. Okay. Why don't you give them to us and we will
10 make copies.

11 MR. BERKOWITZ: Can I see them?

12 THE COURT: We won't do it now, but maybe
13 whenever you have a break, Denise, we'll make a copy.
14 We will make copies for you right now.

15 MR. BERKOWITZ: Okay.

16 (Pause in proceedings.)

17 THE COURT: Do you still want to question Ms.
18 Concepcion?

19 MR. HIPPLE: Yes.

20 THE COURT: All right. Why don't you come up
21 here then.

22 MR. HIPPLE: I won't be very long, Your
23 Honor, but I still do have a few questions.

24 TERESA CONCEPCION, Plaintiff, Previously
25 Sworn, Resumes.

1 THE COURT: You may proceed.

2 MR. HIPPLE: Yes.

3 DIRECT EXAMINATION

4 BY MR. HIPPLE:

5 Q Throughout the trial you basically said that you
6 had no knowledge of the Fraudulent Transfer Act that
7 has been brought against me, is that correct?

8 A Any knowledge I have of that is through my
9 attorney.

10 Q When you say "through your attorney," does that
11 mean that he explained everything to you?

12 A No.

13 Q Does that mean that you explained things to him?

14 MR. BERKOWITZ: Objection, Your Honor,
15 attorney/client privilege. It flows both directions.

16 THE COURT: Right.

17 MR. HIPPLE: All right. Let me rephrase the
18 question.

19 BY MR. HIPPLE:

20 Q As far as the Fraudulent Transfer Act in this case,
21 did you personally have any knowledge of how to -- how
22 that came about?

23 A My attorney pieced that together.

24 Q The second question is, do you believe that Clement
25 Hipple is responsible to pay you the money?

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1 MR. BERKOWITZ: Object to the question. He
2 is asking this witness to draw a legal conclusion.

3 THE COURT: Overruled.

4 MR. HIPPLE: All right.

5 THE COURT: You can answer that. She can
6 answer it.

7 THE WITNESS: Okay. Restate the question.

8 MR. HIPPLE: Yes.

9 BY MR. HIPPLE:

10 Q Do you believe that Clement Hipple is responsible
11 to pay you your money?

12 A I am not sure about that.

13 Q All right. The next question is, could you tell me
14 what percent you were receiving for interest on your
15 loan from SCIX?

16 A The demand note stipulates eight percent interest.

17 Q I'm sorry?

18 A The demand note stipulated eight percent interest.

19 Q Okay. Fine. And do you currently know as of this
20 day what the bank interest is here in the United
21 States?

22 A I only know the demand interest rate that was on
23 the document that was signed and agreed to.

24 THE COURT: You have to speak into the
25 microphone here.

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1 MR. HIPPLE: I'm sorry, I can't --

2 THE COURT: Yes. Can you speak into the
3 microphone.

4 THE WITNESS: I do. I have it right in front
5 of me.

6 THE COURT: Well, then speak up if you don't
7 mind, please.

8 THE WITNESS: Yes.

9 THE COURT: Okay.

10 BY MR. HIPPLE:

11 Q Could you repeat that, please.

12 A Repeat the question.

13 Q Okay. Do you know at the current -- as of today
14 what the banks are giving for investors interest on
15 their money?

16 A No.

17 Q All right.

18 MR. HIPPLE: Why do my documents always
19 disappear? This is your document that you introduced.

20 MR. BERKOWITZ: I don't believe it's an
21 exhibit. I'm sorry. You're showing me the timeline of
22 events that I used in my opening that was presented to
23 the Court. It's not an exhibit.

24 THE COURT: Right.

25 MR. BERKOWITZ: It was something I used.

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1 THE COURT: All right. That's right. He can
2 use it. You don't have a problem with that, do you?
3 You don't have a problem with that, do you?

4 MR. BERKOWITZ: No, I don't know what it is
5 going to be used for.

6 THE COURT: Okay.

7 MR. HIPPLE: Just the timeline.

8 MR. BERKOWITZ: Okay.

9 BY MR. HIPPLE:

10 Q This is a copy of the timeline that your attorney
11 spoke about at the beginning of the trial.

12 THE COURT: So, let's just mark that for
13 identification purposes.

14 MR. HIPPLE: Then let's put it as Defendant
15 504.

16 THE COURT: Okay. That's the timeline, okay.
17 Go ahead.

18 MR. HIPPLE: Okay.

19 BY MR. HIPPLE:

20 Q If you look at number three on the timeline, can
21 you read me the date that the wages were -- that the
22 bank account was garnished?

23 A September 21, 2010.

24 Q Right, okay. Now, are you aware that the date that
25 I -- I'm not supposed to say I. Are you aware that the

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1 date that Mr. Hipple started his procedures in
2 reference to the physical assets of SCIX?

3 A I have no knowledge of that.

4 Q Okay. Well, I will tell you the date. The date is
5 October 5th, 2010 was the first correspondence in
6 reference to the physical assets of SCIX.

7 Next question. So, between September 21st,
8 2010 and October 5th, 2010 there was 18 days between
9 that time frame. During those 18 days between that
10 time frame why did you not have the sheriff go to
11 Ryan's (ph) and seize the assets?

12 A I was not in control of those actions.

13 Q Okay.

14 MR. BERKOWITZ: I would like to object just
15 to the number of days. I don't believe it was 18 days.

16 MR. HIPPLE: All right. I miscalculated.

17 MR. BERKOWITZ: I think it was --

18 THE COURT: How many days was it?

19 MR. BERKOWITZ: I think it was nine and five,
20 14 days.

21 MR. HIPPLE: Oh, you don't count the
22 weekends?

23 MR. BERKOWITZ: 30 days in September, from
24 9-21 would be nine days and then five days in October,
25 nine and five is 14 days.

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1 MR. HIPPLE: Okay.

2 MR. BERKOWITZ: That includes weekends.

3 THE COURT: Okay. All right.

4 BY MR. HIPPLE:

5 Q Okay. 14 days, okay. I'm sorry, your answer to
6 that question?

7 A Repeat the question.

8 Q Okay. There were 14 days between the time that you
9 levied on the bank account of SCIX and the first
10 document that Mr. Hipple produced to SCIX, there was 14
11 days between that time frame, are you aware of that?

12 A I can see that there are 14 days in between the two
13 dates, yes.

14 Q Okay. Could you tell why you did not have the
15 sheriff levy on the assets between that 14 days?

16 A I was not in control of the actions.

17 Q Okay. At any point in time from anyone were you
18 told that you had the option to send the sheriff to
19 SCIX and seize the assets?

20 A I do not remember that.

21 MR. BERKOWITZ: I'm going to object, Your
22 Honor. That is attorney/client communications.

23 MR. HIPPLE: No, I didn't say attorney. I
24 said "anybody." I didn't say --

25 THE COURT: All right. I will overrule the

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1 objection.

2 MR. HIPPLE: I didn't say -- I said
3 "anybody."

4 THE COURT: That's fine.

5 MR. HIPPLE: All right.

6 THE COURT: I will let the question stand.
7 She said she didn't have any conversations. All right.
8 BY MR. HIPPLE:

9 Q Why did you not take the assets after the bank
10 account was frozen?

11 A I can't answer that, I don't -- again, I wasn't the
12 one dictating actions.

13 Q Okay. Did you understand that you had the right to
14 seize the assets?

15 A I wasn't in control of those actions.

16 Q I'm sorry?

17 A I said I was not in control of the actions they
18 took.

19 Q And who was in control of the action?

20 A SMS I believe at that time.

21 Q Are you saying that SMS was the one that filed the
22 garnishment or Mr. Berkowitz?

23 A To the best of my recollection that garnishment was
24 done under SMS.

25 (Pause in proceedings.)

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1 Q Do you remember the date that you engaged with Mr.
2 Berkowitz?

3 A No, I do not.

4 Q Can you give me an approximate?

5 A No.

6 Q Was it ten days after the garnishment?

7 A I don't have a memory of that date.

8 Q So, your statement here today is that was a -- what
9 was the company name again?

10 A I don't know what you are referring to?

11 Q That you -- the company that you hired to levy on
12 the bank account?

13 A SMS.

14 Q SMS, okay. So, basically you had no conversation
15 with SMS in reference to seizing the assets?

16 A They notified me.

17 Q What did they notify you of?

18 A The account was garnished.

19 Q Okay. I understand that part. But, I am talking
20 about the physical assets. Did they tell you anything
21 in reference to the physical assets to be seized?

22 A No.

23 Q And you had no knowledge that you had the right to
24 seize the physical assets, correct?

25 A SMS was in charge of managing the collection.

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1 Q I'm sorry.

2 A SMS was in charge of the collection.

3 Q Okay. Would you consider the assets as part of the
4 collection?

5 A I would have no knowledge of that.

6 MR. HIPPLE: Am I allowed to do "assuming"?

7 THE COURT: Sure.

8 MR. HIPPLE: Okay.

9 BY MR. HIPPLE:

10 Q Assuming that you have seized the physical assets
11 of SCIX when you garnished the wages, what would you
12 have done with the physical assets?

13 A I have no idea.

14 Q Well, would you have tried to sell them? Would you
15 have kept them?

16 A I have no idea.

17 Q In other words, you're saying you would not even
18 have tried to sell them, right, because your attorney
19 here today in this courtroom put a value of \$242,760
20 just alone on the chemical assets, not counting the
21 other physical assets? So, you don't know what you
22 would have done with them?

23 A That is my statement.

24 Q Considering that the attorney, your attorney put a
25 price of 242,760 not counting the car and the other

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1 physical assets, that could have been in the area of
2 250,000 that you would have received.

3 A What is the question?

4 Q The question is that would you not have -- would
5 have wanted the \$250,000 if you would have seized the
6 assets? It would have went to you?

7 A I'm not sure how to answer that.

8 Q All right. Let me rephrase the question.

9 If you had an opportunity to receive \$250,000
10 by seizing the assets, what would you have done?

11 A I don't know.

12 MR. HIPPLE: Your Honor, that's not a proper
13 answer.

14 THE COURT: Well, she's stating --

15 MR. HIPPLE: It's either a yes or no answer,
16 Your Honor.

17 THE COURT: No, I think it is a proper
18 answer. I am not saying -- she's answered that she
19 doesn't know. That's what she's saying.

20 MR. HIPPLE: She don't know if she wanted
21 money.

22 THE COURT: Right. Why don't you move on.
23 That is her answer.

24 MR. HIPPLE: Okay.

25 BY MR. HIPPLE:

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1 Q Okay. So, it's basically your answer you don't
2 know whether you wanted to receive \$250,000?

3 THE COURT: That's what she said.

4 MR. HIPPLE: Okay. Okay. This is a little
5 bit repeatable, but I would like to get this in, okay?

6 BY MR. HIPPLE:

7 Q Did you have any conversation with anybody in
8 reference to the sheriff seizing the physical assets?

9 A No.

10 Q Or is it true that you didn't want to be bothered
11 with the physical assets and you were only looking for
12 the cash?

13 A False.

14 Q And is it your statement today that you have no
15 knowledge of any part of anything in this lawsuit?

16 A I wouldn't say anything.

17 Q Well, could you tell us what?

18 A What is the question?

19 Q Okay. I'll rephrase the question. I won't
20 rephrase it, I will repeat it.

21 And in your statement today you're saying
22 that you have no knowledge of any part of anything in
23 this lawsuit?

24 MR. BERKOWITZ: Objection, Your Honor. Ms.
25 Concepcion has sat here through the entire trial and I

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1 would assume that she knows what happened in the trial.

2 MR. HIPPLE: All right. Let me rephrase it.

3 BY MR. HIPPLE:

4 Q Prior to the court date which was on Monday, is it
5 your statement that you have no knowledge of any part
6 or anything that went on in this lawsuit?

7 A Not independently.

8 Q I'm sorry?

9 A Not independently.

10 Q When you say "independently" what do you mean?

11 A Attorney/client privilege.

12 MR. HIPPLE: I object to the question, Your
13 Honor -- the answer.

14 THE COURT: I will overrule the objection.

15 MR. HIPPLE: Does that mean she has to
16 answer?

17 THE COURT: No. It means she doesn't have to
18 answer. She answered it.

19 MR. HIPPLE: Your Honor, that's all the
20 questions I have.

21 THE COURT: Okay. Mr. Berkowitz, do you have
22 any questions?

23 MR. BERKOWITZ: No questions, Your Honor.

24 THE COURT: All right. Thank you, Ms.
25 Concepcion. You're excused.

1 THE WITNESS: Thank you.

2 (Witness excused.)

3 THE COURT: All right. Mr. Hipple, your next
4 witness.

5 MR. HIPPLE: I would like to call Mr. Hipple.

6 THE COURT: Yourself, okay.

7 MR. HIPPLE: Yes, myself. How do we do this,
8 Your Honor, as far as when I --

9 THE COURT: Well, you could take --

10 MR. HIPPLE: -- address myself here on the
11 stand?

12 THE COURT: Well, you could use "I," it
13 doesn't matter. You need to take the stand here. You
14 can say this is what I did or didn't do, whatever.

15 MR. BERKOWITZ: Your Honor, I know it's not
16 my decision. I don't mind if he doesn't follow the
17 question and answer format. I think it would be sort
18 of awkward and unusual in this circumstance.

19 THE COURT: Right.

20 MR. BERKOWITZ: I don't know what the proper
21 procedure is, but I have no objection to some
22 accommodation for the circumstance.

23 THE COURT: Okay. All right. Just come on
24 up here --

25 MR. HIPPLE: Before I start, I would like to

1 get these exhibits -- these two exhibits in.

2 THE COURT: Sure.

3 (Pause in proceedings.)

4 THE COURT: Mr. Hipple, are you going to
5 refer to some exhibits when you're up -- when you are
6 going to testify? I assume you are, right?

7 MR. HIPPLE: Yes, Your Honor.

8 THE COURT: Okay. We have all the books up
9 there, so you're okay?

10 MR. HIPPLE: Yes.

11 THE COURT: Okay.

12 MR. HIPPLE: We're missing one, but I think
13 it's on the stand.

14 MR. BERKOWITZ: Are these for me?

15 MR. HIPPLE: Yes.

16 MR. BERKOWITZ: I would like to reserve any
17 objection until they are used, so I can understand what
18 they are --

19 THE COURT: Okay.

20 MR. BERKOWITZ: -- and how they are being
21 used.

22 THE COURT: All right. Okay.

23 (Pause in proceedings.)

24 THE COURT: You have been previously sworn,
25 Mr. Hipple, so we don't need to swear you in again.

1 THE WITNESS: Okay. Thank you, Your Honor.
2 CLEMENT HIPPLE, Defendant, Previously Sworn.
3 (Pause in proceedings.)

4 DIRECT EXAMINATION

5 THE WITNESS: Now, because this is unusual,
6 how do we want to handle --

7 THE COURT: I think what you should do is,
8 you know, just go in, say you know, I want to make this
9 point or I want to make --

10 THE WITNESS: Question and then answer?

11 THE COURT: No, no, you don't have to
12 question. Just say I want to talk about this, and then
13 state what you want to say, okay?

14 THE WITNESS: Okay.

15 THE COURT: It might be good if you just have
16 some introductory just to -- I want to talk about the
17 notes, or I want to talk about this security interest
18 or whatever and then talk about it if that's the point
19 you want to make. Okay?

20 THE WITNESS: Okay. So, there is some fair
21 warning to me and to Mr. Berkowitz as to what you are
22 going to talk about because that way there is an
23 opportunity for Mr. Berkowitz to object.

24 Like, if there was a question, we kind of
25 would know what area you're going to get into. So, I

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1 wouldn't want you to do a question. I would just say,
2 look, I want to talk about my relationship with this
3 company and then go ahead and talk about it.

4 THE WITNESS: Yes.

5 THE COURT: Okay?

6 THE WITNESS: Okay.

7 THE COURT: Is that all right? You're okay
8 with that?

9 THE WITNESS: Yes, I can do it that way.
10 Yes. Okay. I would like to talk about SCIX, not SCIX,
11 Scientific Chemical, Incorporated.

12 THE COURT: Okay.

13 THE WITNESS: All right. Basically I formed
14 Scientific Chemical, Incorporated in 199 -- 1999. I
15 was also the original owner of SCIX, with a 75 percent
16 interest. I was the only owner of Scientific Chemical.
17 That never changed as of this date.

18 Scientific Chemical never operated as a
19 business. Scientific Chemical never sold the Steel
20 Seal Product. SCIX started to sell to Steel Seal
21 Product in or about 2000. The product was manufactured
22 from 1999 to the present by Colonial Chemical, product
23 meaning Steel Seal.

24 Clement Hipple personally provided the
25 formula to Com -- Colonial -- I mean to Colonial

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1 Chemical. Again, let me rephrase that. Clement Hipple
2 personally provided the formula to Colonial Chemical.

3 The formula came from an inventor named
4 Robert Barks (ph), which it was sold to Scientific
5 Chemical, Incorporated. Colonial Chemical had a
6 confiant (sic) -- confi -- confiden --

7 THE COURT: Confidential? Confidentiality?

8 THE WITNESS: Confidentiality agreement with
9 Scientific Chemical.

10 (Pause in proceedings.)

11 THE WITNESS: I am going to look at Exhibit
12 D-13, David 13. Under Exhibit D-13 there are two
13 pages, a fax sheet and a confidentiality agreement.
14 Under the confidentiality agreement in the first
15 paragraph it states it's between "Colonial Chemical"
16 and "Scientific Chemical, Incorporated," and then there
17 are parentheses (SCIX).

18 The agreement is signed by me and I recognize
19 my signature, and it also signed by a gentleman, Steve
20 Cefari (ph), I believe, and the date of the signatures
21 are March 29th, 1999.

22 If you would turn to page one and read the
23 name of who the fax was sent to. The fax was sent to
24 Scientific Chemical, Attention Clement Hipple, from
25 Steve Cefari, and there are some remarks at the bottom

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1 of the page --

2 THE COURT: What exhibit number are you on,
3 again?

4 MR. BERKOWITZ: D-13, Your Honor.

5 THE COURT: What is it?

6 THE WITNESS: D-13.

7 THE COURT: I thought you said that. Okay.
8 Go ahead.

9 THE WITNESS: No, D, D.

10 MR. BERKOWITZ: D-13, the dark binder.

11 THE COURT: D-13. Yes, I'm looking at "P"
12 and I didn't see it.

13 MR. BERKOWITZ: It's P-37 in plaintiff's, one
14 of those pages, but it doesn't have the fax cover.

15 (Pause in proceedings.)

16 THE COURT: Okay. Go ahead. Go ahead, Mr.
17 Hipple.

18 THE WITNESS: Okay. There are some footnotes
19 under remarks. "Clement: The confidentiality
20 agreement" and blank word I cannot understand --

21 THE COURT: Formula.

22 THE WITNESS: "Formula we executed and
23 received," I can't read that word.

24 THE COURT: Back.

25 THE WITNESS: -- "back in March of 1999

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1 following we have --

2 THE COURT: One step.

3 THE WITNESS: -- "one step to finish your
4 bottle. It looks like we will finish by early next
5 week. Let me know if this is a problem." Okay.

6 (Pause in proceedings.)

7 THE WITNESS: I have already identified that
8 that is my signature on the security agreement.

9 MR. BERKOWITZ: I'm sorry, are we talking
10 about a different --

11 THE WITNESS: I'm sorry. Again, there was a
12 question here. Okay. D-13, the security -- the
13 confidentiality agreement, I'm sorry, has my signature
14 and I can identify that.

15 (Pause in proceedings.)

16 THE WITNESS: And this is a true and accurate
17 copy of the confidentiality agreement between
18 Scientifical -- Scientific Chemical and Colonial
19 Chemical.

20 MR. BERKOWITZ: Your Honor, the plaintiff
21 will stipulate to the authenticity. It has been
22 already admitted as an exhibit.

23 THE COURT: Okay.

24 THE WITNESS: Reference to patents. "It's my
25 understanding" -- how do I do that? It's my --

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1 THE COURT: What's that?

2 THE WITNESS: I mean the wording.

3 THE COURT: I'm sorry, what?

4 THE WITNESS: It's the wording. I can't say
5 it's my understanding. Of course I know. I am
6 reference to the patents.

7 THE COURT: Just say "To my knowledge this is
8 it."

9 THE WITNESS: Okay. My knowledge that Steel
10 Seal Product is manufactured according to a secret
11 former -- formula where three patents issued related to
12 Steel Seal Product. I was not the invent -- the
13 inventor on those patents. I was a co-inventor on the
14 last patent. Who was the -- see, I got to do it the
15 other way. The inventor was Roberts Barks, which
16 Roberts Barks was the inventor on all three patents.

17 Those patents were issued -- the first two
18 patents were issued in early 2000. Exhibit D-20 is
19 Patent Number 6159276 dated December 12th, 2000,
20 inventor, Robert Barks, assignee, SCIX, LLC, filed
21 January 8th, 1999.

22 Exhibit 21, Patent Number 6324 --

23 MR. BERKOWITZ: We will stipulate to the
24 admissibility of the patents. We have no question
25 about that, if that is what we are doing, and I believe

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1 the patents have already been admitted, Your Honor, in
2 the plaintiff's case.

3 THE COURT: So, there is no need to read the
4 patents since they are already admitted into evidence.
5 Do you want to point something out, you know, or talk
6 about them, that's fine.

7 THE WITNESS: All right. Let me just point
8 out something on the third patent.

9 THE COURT: Yes, sure, absolutely, go ahead.

10 THE WITNESS: All right. Tab 22 --

11 THE COURT: Right.

12 THE WITNESS: -- Patent Number 6647522 dated
13 November 18th, 2003, the heading is "Repairing and
14 engine cooling system." The inventor is listed as
15 Clement R. Hipple of Newtown, PA and Robert Barks of
16 New Castle, Delaware. Assignee is SCIX, LLC, filed
17 November 30th, 2001.

18 Now, this patent I had an idea of how to
19 illuminate the problem of back pressure with the
20 chemical called Steel Seal being used. I came up with
21 the idea to remove the spark plug to eliminate the back
22 pressure, and that was my involvement with SCIX.

23 (Pause in proceedings.)

24 THE WITNESS: Also the purpose of the patent
25 was to update the procedure of the repair. I never

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1 received any funds for the update of that patent from
2 SCIX.

3 In reference to the three patents, I believe
4 that one of the patents have been transferred to Teresa
5 Concepcione. It is also my belief that the other two
6 patents had lapsed I believe back in 2006.

7 THE COURT: Did you say one of the patents
8 were --

9 THE WITNESS: Transferred.

10 THE COURT: -- transferred?

11 THE WITNESS: To Teresa.

12 THE COURT: Which one?

13 THE WITNESS: The last one.

14 THE COURT: And how did that happen? Like
15 what was -- how did that --

16 THE WITNESS: I believe her attorney made a
17 request to --

18 THE COURT: To Judge Baldi (ph)?

19 THE WITNESS: I'm not sure how it happened,
20 yeah, but I think it did happen in the Doylestown --

21 THE COURT: Okay.

22 THE WITNESS: Or no, Judge Baldi? That was
23 here.

24 THE COURT: You're not sure how it happened,
25 but why do you -- why -- what's the basis for your

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1 belief?

2 THE WITNESS: I believe that Mr. Berkowitz
3 also said that it was transferred, and I know that they
4 were trying to transfer it into her name.

5 THE COURT: Okay. All right.

6 THE WITNESS: And that would have been patent
7 number 6324757.

8 THE COURT: What exhibit number is that?

9 THE WITNESS: Oh, I'm sorry. No, I'm wrong.

10 THE COURT: No, 22 you admit.

11 THE WITNESS: Yeah.

12 THE COURT: Which is the 647622.

13 THE WITNESS: That's the one of the
14 co-inventor.

15 THE COURT: That's the one you're the
16 co-inventor. Okay, that's D-22. So you think that's
17 been already transferred to Ms. Hipple?

18 MR. BERKOWITZ: Your Honor, in plaintiff's
19 case, I believe the exhibit where the lien against the
20 patent was recorded in the patent office has been
21 admitted already. I believe that's what he's referring
22 to.

23 THE COURT: Right. Well, that's different
24 than being transferred though.

25 MR. BERKOWITZ: I don't -- I can't testify,

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1 but that's what happened.

2 THE COURT: Okay.

3 MR. BERKOWITZ: Just the language of it under
4 the patent office --

5 THE COURT: Is that lien still valid and
6 current -- I mean current?

7 MR. BERKOWITZ: Yes, it's still --

8 THE COURT: Okay.

9 MR. BERKOWITZ: -- current.

10 THE COURT: All right.

11 (Pause in proceedings.)

12 THE WITNESS: These patents have always
13 stayed in the name of SCIX, at least two of them.

14 (Pause in proceedings.)

15 THE WITNESS: "What was your role in SCIX?"
16 My role in SCIX was that I owned, back in 1999, 75
17 percent of SCIX, and as -- well, let me back up.

18 And my role between 1999 and 2001 was to be
19 the financial backer and to check on Teresa Concepcion
20 and Brian Hipple, who were employees of mine, to see
21 how they were doing with the sales, website, and
22 selling of the product.

23 (Pause in proceedings.)

24 THE WITNESS: I turned my ownership of SCIX
25 over to my son, Brian Hipple, on January 1, 2001.

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1 Steel Seal was being sold on a web page -- on a web
2 page that was owned by Scientific Chemical,
3 Incorporated, starting around 2000. The name of the
4 website was www.steelseal.com. Again, the website was
5 owned by Scientific Chemical, Incorporated. At no time
6 as of this date did SCIX ever own the website.

7 During 2000, through January 1, 2001, Steel
8 Seal was sold in three packages: a four cylinder, which
9 was a 16 ounce bottle; a six cylinder, which was a
10 16-ounce bottle and an eight-ounce bottle; and an eight
11 cylinder, which was two 16-ounce bottles. The reason
12 for the three different sized bottles had to do with
13 the capacity of the coolant system. The most popular
14 sized bottle was the six cylinder.

15 (Pause in proceedings.)

16 THE WITNESS: Teresa Concepcion worked for
17 SCIX from 1999 through 2000.

18 (Pause in proceedings.)

19 THE WITNESS: Brian owned 100 percent of
20 SCIX, but there seems to be a question if Scientific
21 Chemical, Incorporated, owned one percent, or Robert
22 Barks, and I'm not certain.

23 (Pause in proceedings.)

24 THE WITNESS: There was really a lot more
25 questions. I'm just going -- this has also been

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1 established, but I'm going to establish it again.

2 D-48, David-48.

3 I recognize this document and I verify my
4 signature, dated January 1, 2001.

5 MR. BERKOWITZ: We stipulate to the document.
6 It has already been admitted, Your Honor.

7 THE COURT: Okay.

8 (Pause in proceedings.)

9 THE WITNESS: I transferred SCIX to Brian
10 Hipple so that he could have his own business on
11 January 1, 2001. At that point, I had no interest in
12 SCIX or did any business for SCIX.

13 THE COURT: So let me -- let me interject
14 myself. I'm interested in this. So, as of January
15 2001, what did SCIX owe you, Clement Hipple, as far as
16 money?

17 THE WITNESS: Nothing.

18 THE COURT: What indebtedness did they have
19 to you?

20 THE WITNESS: Nothing, Your Honor.

21 THE COURT: Well, isn't there some
22 outstanding loans that you had made --

23 THE WITNESS: Oh, yes, I'm sorry.

24 THE COURT: -- for some related companies?

25 THE WITNESS: That's right, yeah.

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1 THE COURT: Tell me about that, both you
2 individually and any other companies that you owned,
3 SCIX owed them money. Tell me what the picture looked
4 like back then.

5 THE WITNESS: The picture back then, Your
6 Honor, and I -- to the best of my knowledge is that my
7 personal loan to SCIX was still part of SCI's books.

8 THE COURT: All right. And what was that
9 about?

10 THE WITNESS: That was a loan that I kept
11 putting money in and taking -- that's the loan that we
12 produced here as evidence --

13 THE COURT: Right.

14 THE WITNESS: -- of the 210,000.

15 THE COURT: Okay. All right. Anything else?
16 Was there any other -- any other loans owed by SCIX to
17 any other company that you -- any other companies that
18 you know of that you controlled or were involved in?

19 THE WITNESS: I'm not sure, Your Honor, at
20 this. I'd have to look at the documentation. But
21 I'm -- oh, yes, I can. I can tell from here.

22 THE COURT: Well, these management companies,
23 J --

24 THE WITNESS: Well, that's what I'm going to
25 look at.

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1 THE COURT: Right.

2 THE WITNESS: Yes, there was a -- there was a
3 loan made by JC Consulting Leasing Corporation in 1999
4 for 88,000, which would have been P-26.

5 MR. BERKOWITZ: Your Honor, P-26, 27, 28, and
6 29, those have already been admitted.

7 THE COURT: Thank you. All right.

8 (Pause in proceedings.)

9 THE WITNESS: Back to the document of the
10 transfer of the ownership to Brian Hipple of SCIX. In
11 the document in mentions reference to me having a
12 membership interest with respect to voting rights.

13 I never had or was part of any members
14 meeting. I never had any voting rights to my
15 knowledge. In reference to this document, I believe
16 Ira Kratz (sic), present yesterday, stated that he
17 never knew of SCIX ever having any member meetings or
18 board meetings or me having any voting rights in SCIX,
19 that it was totally controlled and owned by Brian
20 Hipple.

21 It was not my intent when I signed this
22 document to have any voting rights or affiliate --
23 A-F-F-A-I-R-S of SCIX. The only involvement I had in
24 SCIX after 2001, January, that I would go to Colonial
25 Chemical and pick up supplies and bring them to Brian

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1 Hipple's house, and other than the other thing I
2 already stated in reference to the patent.

3 After January 1, I had no involvement in
4 hiring or firing of the employees of SCIX. From 2001
5 through September 2010, I had no involvement in the
6 sale of Steel Seal product.

7 (Pause in proceedings.)

8 THE WITNESS: During that period, 2001
9 through 2010, I never ordered any product from Colonial
10 Chemical. Through the same period, I never had any
11 contact with Lou B-E-R-G-O-F-F at Colonial Chemical.
12 My first contact with Lou B-E-R-G-O-F-F was after
13 Brian's death, and that was after the lawsuit was
14 commenced by the plaintiff.

15 After I sold my interest to Brian Hipple in
16 2000 -- January 2001, I don't know whether or not Brian
17 ever had any board meetings. I was never invited to
18 any meetings. After January 1, 2001, I never voted or
19 made any decisions of the business of SCIX. I never
20 was involved in any ownership interest of SCIX. I
21 never served as an officer or a director of SCIX.

22 E-X-E-R-T -- E-X-E-R-T --

23 THE COURT: E-X --

24 THE WITNESS: Yeah, E-X-E-R-T.

25 THE COURT: Exert?

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1 THE WITNESS: Exert?

2 THE COURT: Exert. Why don't you -- why
3 don't you read it and see what -- in the context?

4 THE WITNESS: I did not exert any decision
5 making authority related to SCIX. I never attempted to
6 exert any decision-making authority related to SCIX. I
7 was never involved in any decision-making related to
8 SCIX and/or any of its assets or liabilities.

9 Okay. We're going on to royalties.

10 (Pause in proceedings.)

11 THE WITNESS: After January 2001, SCIX
12 continued to use steelseal.com website owned by
13 Scientific Chemical, Incorporated. The reason that I
14 allowed SCIX to use the website after I no longer had
15 ownership, I had an agreement with Brian to pay ten
16 percent royalty fees on the gross sales.

17 If I wanted to and if he did not pay me the
18 royalty fees, I had the option to take away the
19 website, which was owned by me. There was an agreement
20 between Brian and myself in reference to royalty fees,
21 but I could not find the document.

22 (Pause in proceedings.)

23 THE WITNESS: The name, A&C Building and
24 Industrial Maintenance Company, was a janitorial
25 company that I owned or that I operated for 25 years

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1 and that I still own as of this date.

2 A&C Building and Industrial Maintenance did
3 strictly nothing but government janitorial work, like
4 federal buildings, naval bases, Air Force bases, GSS --
5 GSS, yeah, buildings, every type of government building
6 out there. No one else other than me personally owns
7 A&C Building but for me.

8 (Pause in proceedings.)

9 THE WITNESS: Exhibit P, P, as in Peter, 113.
10 I recognize some of the documents.

11 THE COURT: You mean these checks, right?

12 THE WITNESS: Yes, Your Honor.

13 THE COURT: All right.

14 THE WITNESS: Documents are checks payable to
15 A&C Building and Industrial Maintenance, and I believe
16 there's a couple payable to Clement Hipple directly.
17 Yes, there is.

18 (Pause in proceedings.)

19 THE WITNESS: The purpose of these checks
20 were paid to A&C and Clement Hipple in reference to the
21 royalty agreement.

22 (Pause in proceedings.)

23 THE WITNESS: P-121. These are checks made
24 out to the Harrison Law Firm in Arizona.

25 THE COURT: I think you meant Harriman.

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1 THE WITNESS: Harriman Law Firm --

2 THE COURT: Right.

3 THE WITNESS: -- in Arizona. There are SCIX
4 checks sent directly to that law firm. And I note that
5 these checks were sent to that law firm and the purpose
6 of these checks were for me -- to pay for my divorce,
7 and they were charged to my royalties. Rather than pay
8 the royalty directly to me and then me have to pay the
9 law firm, I found it to be easier just to send the
10 checks to the law firm.

11 Okay. We're going to go into loans next.
12 Throughout the years, I had made loans to SCIX starting
13 in 1999. I had made personal loans and loans from JC
14 Consulting and Leasing Corporation. At that time, 1999
15 through 2001, I had a membership interest in SCIX and I
16 was also doing some work for SCIX.

17 (Pause in proceedings.)

18 THE WITNESS: And the purpose of the loans
19 were for working capital, inventory, pay employees,
20 operate the business, marketing, and we put out 80,000
21 videos to automotive and used car dealers throughout
22 the United States. I did receive some payments from
23 SCIX on my personal loan only. As of this date, I
24 never received a payment for any of the loans made to
25 JC Consulting and Leasing Corporation.

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1 (Pause in proceedings.)

2 THE WITNESS: The interest payments were made
3 on the principal amount of my personal loan. I -- in
4 reference to the testimony of the accountant, Ira, he
5 kept a schedule for the loans that I made to SCIX and
6 also for Teresa Concepcion loans.

7 (Pause in proceedings.)

8 THE WITNESS: It was my understanding that
9 Brian Hipple and his accountant, Ira, kept track of the
10 books and the records of the loans. I knew who was the
11 accountant for SCIX, Ira Krassan.

12 From January 1, 2001, through September 2010,
13 I had access to the loan document through Ira Krassan
14 with the approval of Brian Hipple. I did not need to
15 get permission from Brian Hipple because he had already
16 given it to the accountant. I spoke with Ira Krassan
17 in reference to the interest that was accrued each year
18 or which was paid each year to me for the purpose of my
19 income tax.

20 (Pause in proceedings.)

21 THE WITNESS: Okay. We're going into the
22 garnishment. I believe I first had knowledge of the
23 garnishment around October 4th, 2010. Prior to that, I
24 did know that Teresa had loans with SCIX.

25 (Pause in proceedings.)

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1 THE WITNESS: I did not know that Teresa
2 entered a judgment against SCIX. At the time she
3 entered a judgment, I was her husband. I believe I
4 learned of the garnishment by Brian giving me a call or
5 I had just called him, which I did occasionally,
6 weekly.

7 He explained to me that Teresa had garnished
8 the wages and taken all of the money out of the bank
9 account. After I had discovered that I called my
10 attorney, Kevin Fogerty, to get his advice. Kevin
11 Fogerty is a lawyer that I have been using for 15 years
12 or more. I contacted Kevin Fogerty I believe on
13 October 4th or 5th.

14 I contacted Mr. Fogerty to find out what my
15 option was because I was also personally owed money by
16 SCIX, and my corporation, JC Consulting, also had loans
17 with SCIX.

18 (Pause in proceedings.)

19 THE WITNESS: One of the questions Mr.
20 Fogerty asked me was did Teresa send the sheriff to
21 Brian's house to levy on --

22 THE COURT: The assets?

23 THE WITNESS: Yeah. What kind of assets are
24 there though? I forget.

25 THE COURT: Tangible? Intangible?

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1 THE WITNESS: No, no.

2 THE COURT: Okay.

3 THE WITNESS: The boxes and the chemicals.

4 THE COURT: Oh, okay.

5 THE WITNESS: The assets.

6 THE COURT: The assets --

7 THE WITNESS: Right.

8 THE COURT: -- of SCIX?

9 THE WITNESS: The assets of SCIX. And I
10 explained to him no, as far as I knew, she had not
11 levied or sent the sheriff to take all the assets of
12 SCIX.

13 There was never any point in time that Brian
14 and myself had decided to hide the assets from Teresa
15 Concepcion so that she could not execute on them.
16 Teresa Concepcion had plenty of time to execute on the
17 assets prior to my execution on the assets. I then
18 asked Mr. Fogerty to start the process for me to levy
19 on the assets for the personal loan I had with SCIX. I
20 then flew into the United States.

21 (Pause in proceedings.)

22 THE WITNESS: I'm going to take my time
23 (inaudible), Your Honor.

24 THE COURT: All right. Let's take a
25 ten minute-break. All right.

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1 THE WITNESS: All right.

2 THE COURT: I'll see you in ten minutes.

3 (Recess, 10:39 a.m. to 10:53 a.m.)

4 THE COURT: Please be seated. Thanks. You
5 may proceed. Go ahead.

6 THE WITNESS: Okay. We're going to go
7 through Exhibit D-1 in the black book.

8 MR. BERKOWITZ: I'm sorry, the --

9 THE WITNESS: David 1.

10 MR. BERKOWITZ: Okay, thank you.

11 (Pause in proceedings.)

12 MR. BERKOWITZ: Your Honor, we'll
13 authenticate, it's already been admitted.

14 THE COURT: Okay. Thank you.

15 THE WITNESS: Yeah, that's good. But there's
16 one question I need to explain in this document, okay?
17 So it's already authenticated, everything on it.

18 THE COURT: Right.

19 THE WITNESS: All right. Under the second
20 paragraph where it states, "Creditor waives all
21 previous accrued interest in connection with monies
22 loaned by creditor to debtor." What happened, this
23 document was written as if I just lent the \$210,000 to
24 SCIX. That's why that paragraph says what it was or
25 what it -- or what it says.

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1 THE COURT: What par -- point out the
2 paragraph is it again?

3 THE WITNESS: Okay. It's the second
4 paragraph at the bottom of the parentheses. It says,
5 "Creditor waivers all previous accrued interest in
6 connection with monies loaned by creditor to debtor."

7 THE COURT: Right. I'm at the judgment owed.
8 What page?

9 THE WITNESS: It's on the first page.

10 THE COURT: First page, okay.

11 THE WITNESS: Judgment owed, the second
12 paragraph down.

13 THE COURT: Wait a minute. This is D-1?

14 THE WITNESS: At the bottom --

15 THE COURT: This is D-1?

16 THE WITNESS: What?

17 THE COURT: D-1?

18 THE WITNESS: Yeah, the second -- yeah. And
19 at the bottom of the second paragraph after the word
20 "note," and it's in parentheses.

21 THE COURT: Oh, okay. Go ahead. Yeah, I got
22 you.

23 THE WITNESS: It says, "Creditor waives all
24 previous accrued interest in conjunction with monies
25 loaned by creditor to debtor."

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1 THE COURT: Okay.

2 THE WITNESS: And Mr. Berkowitz the other day
3 assumed well, I don't -- we -- if we take that
4 approach, then I'm not owed -- I'm not owed anything.
5 But I'm -- my explanation for this document and the
6 wording in this document, which was drafted by Kevin
7 Fogerty, is that the 210 was treated as a one lump sum
8 loan, okay, not the amortization schedule of the loan.
9 Does that make sense or not?

10 THE COURT: I'm not sure. Why don't you
11 explain that fully?

12 THE WITNESS: Okay. When he -- when he
13 drafted up the loan --

14 THE COURT: Right.

15 THE WITNESS: -- the loan document, I called
16 him and he said well, what are you owed? I said I'm
17 owed \$210,000. He was under the assumption, okay, that
18 I just lent them \$210,000.

19 THE COURT: Right.

20 THE WITNESS: Okay. He didn't realize the
21 loan went all the way back to 1999. So, therefore, he
22 drafted the document as if it was just a loan.

23 THE COURT: Right. He didn't reflect all the
24 accrued --

25 THE WITNESS: Right.

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1 THE COURT: Any interest.

2 THE WITNESS: He would have never put that
3 paragraph definitely in there. That paragraph would
4 have never went in there if he had known that that that
5 was in place.

6 THE COURT: Okay.

7 THE WITNESS: And actually common -- and even
8 from a common sense standpoint, okay, I'm somewhere --
9 I don't read every document that I see, okay, and if I
10 did read it, I would not have understand it anyway,
11 okay? So, I had Brian sign it and we all agree that
12 that's all been done.

13 So, the point I'm just trying to bring out,
14 this document was treated as if it was a loan as of
15 that date given for \$210,000.

16 THE COURT: All right. I understand your
17 point.

18 (Pause in proceedings.)

19 THE WITNESS: There's a lot of questions, but
20 I'm skipping through a lot of them. D-2, which has
21 already been in evidence, okay, and everything's been
22 agreed on that, is that correct? We're all in
23 agreement?

24 MR. BERKOWITZ: Your Honor, that's already
25 been admitted as one of plaintiff's exhibits.

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1 THE COURT: Right.

2 THE WITNESS: And we're agreed that the
3 document -- to the document?

4 THE COURT: Well, he's --

5 MR. BERKOWITZ: Yes, it's already been
6 admitted.

7 THE COURT: -- agreeing it's authentic and
8 it's --

9 THE WITNESS: Okay.

10 THE COURT: -- the actual document.

11 THE WITNESS: And also, that it was prepared
12 by Kevin Fogerty? Let me see.

13 THE COURT: And you won't agree to that, Mr.
14 Berkowitz, that this was prepared by the lawyer, Kevin
15 Fogerty?

16 MR. BERKOWITZ: I will agree that Mr. Hipple
17 just said that.

18 THE COURT: Okay.

19 MR. BERKOWITZ: I have no personal knowledge
20 that it was, but I hear the testimony.

21 THE COURT: Okay.

22 (Pause in proceedings.)

23 THE WITNESS: And I believe that this
24 document was produced to tie up the physical assets of
25 SCIX, or the assets of SCIX, for collateral to my loan

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1 of SCIX in the amount of \$210,000. Okay.

2 (Pause in proceedings.)

3 THE WITNESS: Okay. D-3, the CC -- or the
4 UCC financial statement that already have been
5 introduced.

6 MR. BERKOWITZ: That has been admitted, Your
7 Honor.

8 THE COURT: Yes.

9 THE WITNESS: It -- and it's -- and it's been
10 prepared by Kevin Fogerty on my behalf. And the
11 purpose of it is to complete the process for the lien
12 on SCIX assets. 4 --

13 (Pause in proceedings.)

14 THE WITNESS: -- is a letter from me, which
15 Brian signed, as a demand for the money.

16 MR. BERKOWITZ: Already admitted, Your Honor.
17 We have that.

18 THE COURT: What number is that again?

19 THE WITNESS: 4, Your Honor.

20 THE COURT: All right.

21 THE WITNESS: D-4.

22 THE COURT: Right.

23 MR. BERKOWITZ: It was also P-11 from
24 plaintiff's exhibits I believe -- or I'm sorry --

25 THE WITNESS: Yeah, it is. It's been --

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1 MR. BERKOWITZ: It's one of the numbers. I
2 think P-13 maybe. No, it's actually -- D-4 is P-12.

3 THE WITNESS: Again, D-5 is the letter
4 drafted by Mr. Fogerty who actually drafted the
5 language. And in this letter there seems to be a
6 question about why it is on Mr. Fogerty's letterhead
7 and not mine. And the only answer I can give to that,
8 Your Honor, is that he probably -- when he e-mailed me
9 this letter he probably put a note that, you know, copy
10 and paste it onto my letterhead, and I missed it or
11 ignored it. Okay.

12 (Pause in proceedings.)

13 THE WITNESS: Oh, the other question is Brian
14 did sign this letter in the presence of me for
15 D-5. Okay, we seem to be going into "foreclosing of
16 collateral inventory."

17 (Pause in proceedings.)

18 THE WITNESS: In reference to those
19 documents, I had no intention of stopping Brian Hipple
20 or SCI restriction or preventing Brian Hipple or SCI
21 from continuing to sell or market Steel Seal product or
22 starting company or a website of his own to sell the
23 Steel Seal product. The answer to that question is no,
24 I did not.

25 (Pause in proceedings.)

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1 THE WITNESS: When I took the assets of SCIX
2 it was my intention to sell the assets for the most
3 money I could get for them to make myself whole. I did
4 accept the collateral that was transferred to me in
5 satisfaction of the debt owed by SCIX to me. These are
6 questions to me, so they're a little different.

7 (Pause in proceedings.)

8 THE WITNESS: I think I'm going to have to
9 start asking the questions and then answering them,
10 okay?

11 THE COURT: That's fine.

12 THE WITNESS: Okay. "Was it ever your
13 intention to prevent" -- "to prevent or hide Teresa's
14 ability to execute on her judgment?" The answer, "No.
15 I did not think about Teresa."

16 (Pause in proceedings.)

17 THE WITNESS: She had every right to look out
18 for herself by garnishing the bank account and had had
19 the option to levy on the assets through the sheriff's
20 department, and I believe that I had every right to
21 protect myself. It wasn't about hurting her. It was
22 about protecting my financial position.

23 "Let's talk about the assets that you
24 foreclosed on. Did you ever prepare an inventory on
25 the physical assets of SCIX?" The answer to that is

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1 "Yes, but during all the confusion, there seems to be
2 three different versions of the assets out there."

3 (Pause in proceedings.)

4 THE WITNESS: Exhibit D-6

5 MR. BERKOWITZ: Your Honor, D-6 is Plaintiff
6 130. It's already been admitted.

7 THE COURT: Okay.

8 THE WITNESS: Okay. I guess the question
9 is -- the question -- the question is did I prepare
10 this, and the answer is yes.

11 MR. BERKOWITZ: I'm sorry?

12 THE WITNESS: The question is did I prepare
13 this, and the answer is yes. "Does this document
14 represent all of the physical assets of SCIX that you
15 foreclosed on?" I'm not certain.

16 (Pause in proceedings.)

17 THE WITNESS: "With respect to the patents
18 that were in SCIX's name at that time, what was your
19 understanding as to your interest, if any, in those
20 patents as of October 13th, 2010?" I had a lien and I
21 believe I had the right to have them put into my name,
22 but I never exercised that right.

23 THE COURT: What was that last -- what was
24 the last statement you made? You believe -- about the
25 patent. Go ahead. Tell me that -- read that again.

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1 THE WITNESS: "With respect to the patents
2 that were in SCIX's name at the time, what was your
3 understanding as to your interest, if any, in those
4 patents as of October 13th, 2010?" Basically, he's
5 asking me what was my -- and I had a lien and I believe
6 I had the right to have them put into my name, but I
7 never levied on them.

8 "Did you believe you owned them? I believe I
9 was the only one who could have them reassigned into my
10 name, yes.

11 "Did you ever take them?" No, because I
12 learned that two of the patents were expired.

13 (Pause in proceedings.)

14 THE WITNESS: But on the UCC 1, all of the
15 three patents were listed, even though two of them had
16 lapsed. I never had any interest to take over the
17 business of SCIX. I never had any interest to obtain
18 any ownership interest in SCIX.

19 (Pause in proceedings.)

20 THE WITNESS: Brian Hipple of SCIX never
21 executed any documents by which he assigned any or all
22 of his membership interest in SCIX to me. I don't know
23 what happened to SCIX after the assets were taken.

24 (Pause in proceedings.)

25 THE WITNESS: "Was SCIX dissolved?" I have

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1 no idea.

2 "Did Brian ever use SCIX as a business
3 venture?" I have no idea.

4 Now we're heading into Steel Seal, LLC.

5 (Pause in proceedings.)

6 THE WITNESS: I am the sole member of Steel
7 Seal, LLC. I believe that was incorporated around 2003
8 or '4. Steel Seal, LLC, never operated any business,
9 but it did open up a bank account for one day. Steel
10 Seal, LLC, did not receive any assets or proceeds of
11 assets that had previously belonged to SCIX.

12 (Pause in proceedings.)

13 THE WITNESS: Steel Seal, LLC, never
14 transferred any assets or prop --

15 THE COURT: Property?

16 THE WITNESS: P-R-O-C-E-E-D-S?

17 THE COURT: Process?

18 THE WITNESS: -- process of any assets --

19 MR. BERKOWITZ: Proceeds.

20 THE COURT: Proceeds.

21 THE WITNESS: -- proceeds of any assets that
22 previously belonged to SCIX to any other entity or
23 individual. Okay. Sale of assets and license
24 agreement with Steel Seal Pro.

25 (Pause in proceedings.)

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1 THE WITNESS: "Prior to Brian Hipple selling
2 his car, did you do any research to get the current
3 value?" Yes, I went to a couple car sites, but I don't
4 remember the name, and they seem to be around the price
5 -- a little higher than the price for what he got for
6 it. He had received \$8,000, and I sold them for
7 \$9,000, \$8,700, somewhere within the area, but like
8 \$1,000 higher than what he actually got.

9 (Pause in proceedings.)

10 THE WITNESS: In reference to the other
11 inventory, caps, bottles, and other inventory, I
12 transferred that into Complete Group for a 50 percent
13 interest in the company. Complete Group was formed
14 October 18th, 2010.

15 "Who owned Complete Group?" I owned 50
16 percent of Complete Group, and Emily Domices owned the
17 other 50.

18 THE COURT: What did you transfer to Complete
19 Group or what did --

20 THE WITNESS: Emily Domices.

21 THE COURT: What did Steel Seal transfer to
22 Complete Group?

23 THE WITNESS: Not Steel Seal. I did, my --

24 THE COURT: All right. And --

25 THE WITNESS: Clement Hipple transferred

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1 the -- I owned the assets.

2 THE COURT: Right.

3 THE WITNESS: So --

4 THE COURT: Okay. What did you transfer?

5 THE WITNESS: The chemicals, the bottles, the
6 caps, the boxes, everything but the car.

7 THE COURT: Okay. And what's the status at
8 that point of the secret formula? Where did --

9 THE WITNESS: I still --

10 THE COURT: Who owned that?

11 THE WITNESS: I still owned that under SCIX
12 under --

13 THE COURT: But --

14 THE WITNESS: -- Scientific Chemical,
15 Incorporated.

16 THE COURT: But you didn't transfer that to
17 Complete Group? What did you have a royalty agreement
18 or some kind of arrangement?

19 THE WITNESS: No. What happened eventually,
20 and it's part of the process, okay, which I'm not
21 familiar with, where the people that control the
22 website and all, when a new company comes on they
23 automatically -- I think they automatically transfer
24 the website over to the new corp -- the corporation.

25 THE COURT: Right.

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1 THE WITNESS: But the chemical formula I
2 believe stayed under Scientific Chemical, Incorporated
3 at Colonial Chemical.

4 THE COURT: Okay.

5 THE WITNESS: But there was a letter that I
6 had sent back in December which told them to transfer
7 the --

8 THE COURT: Confidentiality agreement?

9 THE WITNESS: -- confidentiality agreement.
10 And then I spoke with them the other day, and the
11 letter --

12 MR. BERKOWITZ: Objection, it's hearsay if he
13 spoke --

14 THE WITNESS: Okay.

15 THE COURT: Right.

16 MR. BERKOWITZ: -- to them the other day.

17 THE COURT: All right, I'll sustain the
18 objection. So what was the arrangement? Complete
19 Group, what arrangement did they have with -- who did
20 they have the arrangement with to use the secret
21 formula?

22 THE WITNESS: With me.

23 THE COURT: With you?

24 THE WITNESS: Right.

25 THE COURT: You as an individual, right?

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1 THE WITNESS: Yes, well, me as the individual
2 owner of --

3 THE COURT: Right.

4 THE WITNESS: -- Scientific Chemical.

5 THE COURT: And was there some kind of
6 royalty or licensing agreement of any kind? Was
7 anything formalized between you and Complete Group on
8 legal paper, on some type of document?

9 THE WITNESS: I don't believe so.

10 THE COURT: Okay.

11 THE WITNESS: I don't believe so. Okay.

12 THE COURT: So what was the arrangement?
13 What is it an oral arrangement or just -- was there any
14 arrangement or you just allowed them to use it?

15 THE WITNESS: No, I allowed to use them -- I
16 allowed them to use it because I was receiving the
17 proceeds from the sale into Complete --

18 THE COURT: Because you were a 50 percent
19 owner?

20 THE WITNESS: Yes, into --

21 THE COURT: All right.

22 THE WITNESS: -- Complete Group.

23 THE COURT: Okay.

24 THE WITNESS: So the basis was that they
25 could use the chemical formula because they were paying

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1 me --

2 THE COURT: Right. Okay.

3 THE WITNESS: -- for the sales of the
4 chemical that I was allowing them to use.

5 THE COURT: Okay. Go ahead, continue. I
6 didn't mean to break your thought.

7 THE WITNESS: No, that's all right. That's
8 fine because it straightens out (indiscernible).

9 (Pause in proceedings.)

10 THE WITNESS: In reference to the inventory
11 that I took, the bottles, the caps, the chemical, as
12 far as the Steel Seal products were concerned, for what
13 I received I could have reproduced the same amount of
14 bottles, caps, and chemical for approximately \$12,000
15 on my own.

16 So, basically, what I took I could have went
17 to Colonial Chemical because I owned the chemical
18 formula, okay. At one point in time, I knew where
19 everything was being bought and purchased, and I could
20 have just purchased everything for approximately
21 \$12,000. And that was what that would have cost to
22 reproduce. And that calculation is based on the
23 knowledge that I had when I owned SCIX and was
24 purchasing the chemical from Colonial Chemical.

25 (Pause in proceedings.)

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1 THE WITNESS: Again, this is repetitive, but
2 my intentions of the SCI chemical and inventory was to
3 sell it for the highest price that I could get for it.

4 (Pause in proceedings.)

5 THE WITNESS: "How did Complete Group plan to
6 sell SCIX inventory?" Because I lived in South
7 America, I needed someone local to Colonial Chemical to
8 assist with the marketing, selling, and packing of the
9 product on behalf of Complete Group, and also to
10 collect proceeds from the sale of the product, and I
11 considered that Brian Hipple would be the best person
12 to do that job.

13 I did not live in the United States,
14 therefore, I felt comfortable with my son, Brian
15 Hipple, performing that function for me. So, I decided
16 to enter into a license agreement with Steel Seal Pro
17 allowing Steel Seal Pro to sell the inventory and keep
18 a piece of the profit for its efforts and return the
19 bulk back to Complete Group.

20 All right, we're going into Steel Seal Pro
21 now, as far as no involvement in company by Clement.
22 Steel Seal Pro was a company that was formed by Brian.
23 I had no involvement in the forming of that business.
24 I never held any ownership interest in Steel Seal Pro.
25 I had no control over or decision-making power over

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1 Steel Seal Pro.

2 I did not get involved in the day-to-day
3 operation of Steel Seal Pro. I did not get involved in
4 the hiring or firing of Steel Seal Pro employees. I
5 did not get involved in the marketing of the product by
6 Steel Seal Pro. Exhibit D-9 has already been put in
7 the record I believe?

8 MR. BERKOWITZ: Yes, that's the licensing
9 agreement. It's Plaintiff's Exhibit P-14.

10 THE WITNESS: And it's under D-9 under --

11 MR. BERKOWITZ: Yep, D-9 is the Steel Seal
12 Pro, Complete Group licensing agreement.

13 THE WITNESS: The question is do I recognize
14 the signature. Yes, it seems to be Brian's signature.

15 (Pause in proceedings.)

16 THE WITNESS: I believe this license
17 agreement was prepared by Kevin Fogerty with some
18 blanks. The second paragraph under "background"
19 describes an Exhibit A, but there is no Exhibit A
20 attached to the document.

21 (Pause in proceedings.)

22 THE WITNESS: "What was Complete Group's
23 intention with the license agreement?" To have Steel
24 Seal Pro market and sell the inventory and would get
25 paid something for its work.

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1 The compensation under the license agreement
2 to Steel Seal Pro was 10,000 per month. At the time of
3 the license agreement with Steel Seal Pro, Complete
4 Group did not have a bank account. Complete Group
5 didn't have a bank account until October 2012.

6 (Pause in proceedings.)

7 THE WITNESS: Oh, I see. That's two years
8 later. Steel Seal Pro did not make any payments to
9 Complete Group between October 2010 and October 2012.

10 MR. BERKOWITZ: I'm sorry, that was -- '10 --

11 THE WITNESS: October --

12 MR. BERKOWITZ: -- until October 2000 --

13 THE WITNESS: October 2010 to October 2012
14 when they finally got the bank account with Complete
15 Group, two years later. Steel Seal Pro made the
16 payments to A&C Building and Industrial Maintenance, a
17 company that I owned for approximately 30, 35 years.
18 No, more than that, maybe 40. And that was acceptable
19 to Steel Seal Pro to make payments to A&C Industrial
20 Maintenance -- Building and Industrial Maintenance
21 until Complete Group was able to open a bank account.

22 It was the intention for Steel Seal Pro to
23 sell the inventory via www.steelseal.com --

24 MR. BERKOWITZ: Your Honor, I'm going to
25 object. Mr. Hipple just stated it was the intention of

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1 Steel Seal Pro. I --

2 THE WITNESS: Yeah, I can't speak for them.

3 MR. BERKOWITZ: Stop for a second. But, he
4 can't speak to the intention of Steel Seal Pro.

5 THE WITNESS: Right.

6 MR. BERKOWITZ: He's told us he had nothing
7 to do with the business.

8 THE WITNESS: Right.

9 THE COURT: Right.

10 MR. BERKOWITZ: I don't think it would be
11 proper for him --

12 THE COURT: I'll sustain the objection.

13 THE WITNESS: All right. Steel Seal Pro sold
14 the inventory --

15 MR. BERKOWITZ: Objection.

16 THE WITNESS: No?

17 MR. BERKOWITZ: Same objection, Your Honor.
18 He can't tell us how Steel Seal Pro sold --

19 THE COURT: Well --

20 MR. BERKOWITZ: -- the inventory if he
21 doesn't know anything about what it did, as he
22 testified.

23 THE COURT: Well --

24 THE WITNESS: Well, I have the knowledge with
25 the license agreement.

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1 THE COURT: Yes, all right. You -- I'll
2 overrule the objection. Just tell us how you know that
3 though.

4 THE WITNESS: Well, because --

5 THE COURT: You can answer.

6 THE WITNESS: -- I had a license agreement
7 with them.

8 THE COURT: Okay, go ahead. What did they
9 do?

10 THE WITNESS: They sold the inventory on the
11 website, www.steelseal.com, which was owned by
12 Scientific Chemical or me, I'm not certain.

13 (Pause in proceedings.)

14 THE WITNESS: Steel Seal Pro never paid any
15 royalties to Complete Group.

16 (Pause in proceedings.)

17 THE WITNESS: Okay. The next heading is
18 "Steel Seal website packing, pricing, and product."
19 Wait, I keep going over the same thing.

20 (Pause in proceedings.)

21 THE WITNESS: We covered this.

22 (Pause in proceedings.)

23 THE WITNESS: David 52.

24 (Pause in proceedings.)

25 THE WITNESS: I'm going to walk through each

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1 item. It's all right. Take your time.

2 MR. BERKOWITZ: D-52. Okay, thank you.

3 THE WITNESS: This is --

4 MR. BERKOWITZ: Your Honor, this has already
5 been admitted as I think D-52.

6 THE COURT: Okay.

7 MR. BERKOWITZ: We've used this previously.

8 THE WITNESS: On my side.

9 THE COURT: All right.

10 THE WITNESS: Okay.

11 THE COURT: Okay, go ahead.

12 THE WITNESS: All right. Which I explained
13 earlier, the Infiniti sold for \$8,000, and I could not
14 sell it. Brian had to sell it because it was in his
15 name, but then he gave me the money. Office stuff,
16 cabinets, phones and all.

17 Let's go down to the -- where it starts with
18 the inserts, 16-ounce inserts. They were priced at 84
19 cents. 16-ounce bottles, 35 cents, caps, four cents,
20 front labels, four cents, back labels, four cents,
21 eight-ounce bottles, 20 cents, eight-ounce caps, four
22 cents, eight-ounce boxes, 28 cents, taping machines,
23 \$50 each, bubble wrap, ten dollars a case, eight-ounce
24 bottles of chemical USA --

25 MR. BERKOWITZ: Your Honor, I'm going to

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1 object to testimony by Mr. Hipple. He testified, first
2 of all, that all of this inventory was sold by Steel
3 Seal Pro and that he didn't have anything to do with
4 the operation on the business, and for Mr. Hipple to
5 tell us that a number of bottles were sold at a certain
6 price by Steel Seal Pro, there's no foundation for
7 that.

8 THE COURT: Well, weren't they purchased by
9 Complete Group?

10 THE WITNESS: Pardon me?

11 THE COURT: Who purchased them?

12 THE WITNESS: No, this was the inventory that
13 I took.

14 THE COURT: Right.

15 THE WITNESS: This is the actual physical
16 inventory that I took, therefore, I knew what was
17 there.

18 THE COURT: Right. But who sold them?

19 THE WITNESS: Okay. I collected them, okay?

20 THE COURT: Right.

21 THE WITNESS: I knew what inventory I took.

22 THE COURT: Correct.

23 THE WITNESS: And then I had them sold.

24 Steel Seal Pro sold them. I'm not talking about the
25 price they were sold for. I'm talking about -- well,

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1 yes, I am. I'm talking about -- but I physically know
2 what inventory was there. I personally, physically
3 know.

4 THE COURT: Steel Seal Pro sold them to whom?

5 THE WITNESS: They sold to the UK and on the
6 website.

7 MR. BERKOWITZ: Your Honor, and I have to
8 object to him telling us --

9 THE WITNESS: Well --

10 MR. BERKOWITZ: -- where they were sold. If
11 they were sold by Steel Seal Pro, he certainly may know
12 what was delivered, but I don't think he can tell us
13 what they were sold -- how -- where they were sold and
14 what they were sold for.

15 THE COURT: All right. How do you know that?
16 How do you know that?

17 THE WITNESS: Well, because they were labeled
18 "UK," Your Honor. They had "UK" labels on them, which
19 they showed us an exhibit earlier in reference to the
20 name of Scientific Chemical being on the UK label.
21 That was allowed.

22 So, again, I'm telling you personally I knew
23 about the containers, the boxes that had -- Colonial
24 Chemical had two separate areas, one for Steel Seal USA
25 and --

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1 THE COURT: I understand that.

2 THE WITNESS: -- one for Steel Seal UK.

3 THE COURT: Two different prices?

4 THE WITNESS: Right.

5 THE COURT: One was 12 -- one was \$12, the
6 UK.

7 THE WITNESS: Yeah, exactly.

8 THE COURT: All right, so --

9 THE WITNESS: We're not --

10 THE COURT: But Seal Pro -- Steel Seal Pro
11 was operated by your son, Brian?

12 THE WITNESS: That is correct, yes.

13 THE COURT: So Brian was the one who
14 actually, through Steel Seal Pro, sold these?

15 THE WITNESS: Right.

16 THE COURT: So Mr. Berkowitz's objection is
17 that how -- and you I think testified you had nothing
18 to do with Steel Seal Pro.

19 THE WITNESS: No, I had nothing to do with
20 the day-to-day operations.

21 THE COURT: So then how would you know what
22 Seal -- Steel Seal Pro and/or Brian Hipple sold -- what
23 amount --

24 THE WITNESS: Well, that was the price --

25 THE COURT: -- of money they received.

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1 THE WITNESS: -- that was put on them by
2 Brian Hipple. Those were the prices that we discussed.

3 THE COURT: So you're not -- what you did was
4 you -- in other words, you're not certain what he sold
5 them for, but what you did is you just multiplied the
6 number of cases times the price and this is how you
7 came up with this?

8 THE WITNESS: Yes, I knew how many -- how
9 many bottles of UK were there, how many eight-ounce
10 bottles were there, and how many 16-ounce bottles were
11 there.

12 After the license agreement with Steel Seal
13 Pro, Brian and I went over this, okay, we knew what we
14 had as far as UK labels.

15 MR. BERKOWITZ: Objection, Your Honor. He's
16 now talking about his communications with Brian. It's
17 hearsay and --

18 THE COURT: All right, I'm going to overrule
19 the objection. I'll allow you to testify to it. Go
20 ahead.

21 THE WITNESS: Okay.

22 THE COURT: As long as you give us an
23 explanation of how you came up with these numbers.

24 THE WITNESS: Okay. Basically, I came up
25 with these numbers because I knew what inventory I

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1 took. I knew what the sale price was for the -- for
2 the product, okay. All right.

3 The only thing I don't know, okay, and he's
4 right with that, is I'm not sure that Brian kept to the
5 pricing that is listed here.

6 THE COURT: Okay.

7 THE WITNESS: I have to admit that that is
8 correct, all right?

9 THE COURT: So this is an estimation based on
10 the --

11 THE WITNESS: Well, it's an estimation, but
12 I'm sure the UK prices didn't change and the website
13 price didn't change.

14 THE COURT: All right. Okay.

15 THE WITNESS: Okay?

16 (Pause in proceedings.)

17 THE WITNESS: And I'd also like to say that
18 my note was well over the grand total of what was
19 written here. And also, I don't have the figures, but
20 if you take into consideration this was the price that
21 was received, there is an expense in order to do this,
22 to sell this product, okay, which would be a general
23 administration expense, okay? And that has never been
24 taken into consideration of what was the cost for the
25 advertisement, what whys the cost for the running of

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1 the website, what was the cost for the shipping of the
2 product. And none of those numbers are reflected
3 anywhere in the amount that I received or the inventory
4 that I took.

5 So I had an investment of 210,000. It
6 brought gross sales in of 102 -- 122,000, less whatever
7 expenses were incurred, which I don't know. But I know
8 it didn't generate 122,000. I'm sure -- I'm sure of
9 that.

10 I don't know a number, but, again, like I
11 said earlier, you had the cost of shipping, you had the
12 cost of packing, you had the cost of advertising on
13 Google and Yahoo, you had -- there was a lot of G and A
14 costs involved in this also. Okay, I'm going to move
15 on.

16 (Pause in proceedings.)

17 THE WITNESS: Also, my understanding, if I
18 received more than \$210,000 for the product that I
19 took, that I had to give back the balance to SCIX. I
20 did not receive more than \$210,000, therefore, there
21 was nothing left for me to give back to SCIX.

22 (Pause in proceedings.)

23 THE WITNESS: I would next like to talk about
24 D-503, the American Express bill.

25 THE COURT: 53?

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1 THE WITNESS: No, the bill I gave Your Honor.
2 I want to --

3 MR. BERKOWITZ: It's the new one, Your Honor.

4 THE COURT: Oh. Oh, okay. Thank you. Okay,
5 I have it.

6 THE WITNESS: I'd like to turn to B-109 -- or
7 P-109, I'm sorry. P, Paul, 109.

8 (Pause in proceedings.)

9 THE WITNESS: Are you okay?

10 MR. BERKOWITZ: Yes.

11 THE WITNESS: Oh, I'm sorry.

12 MR. BERKOWITZ: Yes.

13 THE WITNESS: I was waiting for you. I seen
14 you kept writing. Okay.

15 MR. BERKOWITZ: No, no, no, I'm --

16 THE WITNESS: Okay. D-503, if you would look
17 at that and compare it to P-109, the first page, it's
18 pretty similar, okay? It's business gold card,
19 Scientific Chemical, Clement Hipple. Naturally, the
20 dates are a little bit different. The closing date on
21 that was 1-20 -- 1-23-13. The D-503 closing date is
22 7-23-15, a couple -- a couple years different, okay.

23 Do you see at the bottom it's still Clement
24 Hipple, Scientific Chemical? Naturally, the address
25 has changed because it has to be sent to a different

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1 address, but everything else is pretty much identical I
2 would say. Okay?

3 Page two we're going to skip. Let's go to
4 page three.

5 THE COURT: What exhibit?

6 THE WITNESS: Same exhibit.

7 THE COURT: Which one, 109 or 503?

8 THE WITNESS: 109 and yeah, 504.

9 THE COURT: Oh, go simultaneously, okay.

10 THE WITNESS: Simultaneously, yes.

11 THE COURT: All right.

12 THE WITNESS: I'm sorry, simultaneously.

13 MR. BERKOWITZ: Page -- up in the right-hand
14 corner on P --

15 THE WITNESS: It says three of 11.

16 MR. BERKOWITZ: Three of 11?

17 THE WITNESS: Yeah. No, on the -- okay, one
18 says 309 on your exhibit.

19 MR. BERKOWITZ: Okay, 309 in the plaintiff
20 exhibit.

21 THE WITNESS: Plaintiff. And 311 in the --

22 MR. BERKOWITZ: Okay.

23 THE WITNESS: -- P-50 -- I'm sorry.

24 MR. BERKOWITZ: Thank you.

25 THE WITNESS: Okay. Again, we're talking

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1 pretty much the same details, the same type of
2 balances, the same information, other than under
3 "detail," the P exhibit has the name, Craig Hock. The
4 504 or whatever, the 504 exhibit, has the name, Clement
5 Hipple.

6 THE COURT: I think you mean 503.

7 THE WITNESS: 503. 503 has Clement Hipple.

8 THE COURT: Oh, wait. Who is Craig Hock?

9 THE WITNESS: Craig Hock was an employee, an
10 employee of Brian Hipple.

11 THE COURT: Okay.

12 THE WITNESS: Okay. So, basically, now you
13 can see everything is identical to that point except
14 the names changing, okay? Same name on the card,
15 different dates, two years later, okay?

16 Now, if you start looking down after --
17 actually, Craig Hock's name still is on this because
18 he's still on this card, okay? I never changed him
19 even though he's no longer there. And that's what
20 small businesses that aren't large corporations do. We
21 don't cross our Is or Ts totally. As you can see,
22 Craig Hock is still on this 503.

23 Okay. The point I'm trying to make here is
24 if you look at -- let's look at the post-USPS, 6-22-15,
25 \$200 on the 503. By the way, that has changed because

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1 the post office came out with what is called flat rate
2 boxes, and I believe it's not actually operated by the
3 post office. It's operated by stanch.com, where you
4 get a box and you -- whatever you can fit in it,
5 whatever the weight is, they will ship it for a certain
6 amount, and I have knowledge of that, okay?

7 I just want to point out though -- but that
8 -- you know, post -- this is buying postage, okay? On
9 the 503, we bought postage for \$200. On the Exhibit
10 109, postage was bought for \$250.

11 So, therefore, it takes away the theory that
12 all these American Express bills are strictly not a
13 business expense. And we can go to the next one, which
14 is Google. On the 503, it's 6-24, okay? And then the
15 first Google on the 109 is 12-24 in the -- oh, in the
16 amount of \$500. Look at that, they're both the same.

17 Google charges for advertisement, okay?
18 They'll bill you and sync -- they'll bill you -- as
19 soon as your account gets up to \$500, they send out a
20 bill. And how that is being billed is because of your
21 advertisement.

22 So what you pay for advertisement on Google
23 by how many people hit the site on the website. Every
24 person that comes in costs a certain amount of money
25 depending on the time of day and how long they stay on

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1 the site. So Google charges you for that purpose. You
2 actually bid for it actually. You have companies that
3 take care of that for you that they take bids. They
4 say okay, we're willing to pay ten dollars so that
5 we're first.

6 THE COURT: Right.

7 THE WITNESS: Okay. And that's basically how
8 this system works, which I have gotten a learning curve
9 since my son has passed away, and that's how I have
10 knowledge of this, personal knowledge, okay.

11 So, basically, again, there's another charge,
12 which is Google on Exhibit 109, which was not
13 considered a cost of doing business. And we could go
14 down and down and down, Your Honor, through each one,
15 okay.

16 Okay. If we go back to even 503, if we go to
17 6-25-15, Live Help Now it's called, okay, nobody knows
18 what that is, right? Looking at it, and I'm sure his
19 expert wouldn't know what that is unless he looked it
20 up on the internet.

21 But Live Help Now is the chat window on the
22 website, which a lot of websites have, Live Help --
23 Live Help Now. Would you like to chat with somebody?
24 We never had it back at the time when Teresa was
25 involved in the business. Okay.

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1 Turn to page of Exhibit 503 to 4-11, and turn
2 on Exhibit 109 to page four of nine. So we'll be on
3 page four of nine and page four of 11. Oh, yeah, it
4 even showed up on four of nine, I'm sorry. Page four
5 of nine, Live Help even back then. Okay. Now -- I'm
6 moving too quickly, Your Honor, because I see Mr.
7 Berkowitz flipping around. I'll give him a minute.

8 THE COURT: You --

9 MR. BERKOWITZ: Four of nine and four of 11?

10 THE WITNESS: Right.

11 MR. BERKOWITZ: I'm there.

12 THE WITNESS: Okay. If you look at four of
13 nine, the first entry, it's the one I just talked about
14 in Exhibit 503, Live Help Now, which is a website
15 charge for people to talk, okay, to chat on the
16 website. You can ask questions. Will it fix my car?
17 What's going on? How does the product work? Does it
18 really work, and things of that nature, okay?

19 The next thing I really wanted to point out
20 on this page, on 503, on 6-28-15, you'll see the name
21 Yahoo, okay, for \$200. Now, Yahoo is a little less
22 site than what Google is for advertisement, okay,
23 because they're not as grand and greatest as Google, so
24 they charge a little less and we get less hits on --
25 what's called hits on Yahoo, hits meaning you coming in

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1 and looking at the site. Every time you do that it
2 would cost me money if you don't buy, okay?

3 Now, if you look at page four of nine, you'll
4 see the same amount, \$200, okay, on 12-28-2012. And
5 here, on 6-28, three years later, 2015, it's identical.
6 Everything is identical. The basis and the reasons
7 that they're identical, Your Honor, they go by the
8 actual website itself. The website never changed, even
9 though I turned it over to Brian in 2001, okay, I took
10 it back in 2010, the website itself never changed, the
11 IP address or whatever you want to call it, never
12 changed. So that's why even on both these bills, it
13 still seems like the same problem we had with Colonial
14 Chemical that said vendor -- customer number one.

15 If you look at Yahoo on both pages, the
16 customer -- I'm assuming that's the customer number
17 because they match. They match identically. So,
18 therefore, all these charges -- all these charges that
19 we're looking at all the way down these pages -- okay,
20 let's go to another one that is identical also.

21 Well, E-Fax is a -- E-Fax, that's a business
22 charge they didn't disagree with. Let's go to on
23 Exhibit 503, Earth Skater, Incorporated, okay, on 503
24 dated 7-1, and this will be my last one, Your Honor.
25 And then on page four of nine, on 1-1-2013, there's

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1 Earth Skater, okay? On 7-1-15 on 503 or 502?

2 THE COURT: 503.

3 THE WITNESS: Okay? Oh, same amount of
4 money, 49.95, three years later. Same vendor, same
5 amount of money, and I believe -- nope. Well, it looks
6 like maybe the number had changed.

7 Earth Skater is a company that takes care of
8 our e-mails. They monitor the e-mails, make sure that
9 the e-mails are up and running and that there's no
10 problem with them. In other words, all the e-mails
11 that come into steelseal.com are processed through
12 Earth Skater, okay? It's a company that provides a
13 service, and they store or whatever e-mails come in.

14 Okay. So I guess my point is that I have
15 been able to identify the majority of the similarity
16 between the companies between 2012 versus what is going
17 on now in 2015, which would explain that these American
18 Express bills are companies' expenses, the majority of
19 them. Yes, Brian did use it for his personal use, and
20 I can go through and identify on the expert's report
21 which ones they are, that I would be in agreement if
22 you want me to or if Mr. Berkowitz would like me to. I
23 can bring out that report and tell him which ones I am
24 in agreement with.

25 But the ones that I am in disagreement with

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1 was, naturally, A&C Building, American Express, and
2 slightly with Melissa Moreno because she did work as a
3 subcontractor.

4 THE COURT: Before you go into a new subject,
5 we'll take our break, okay? If you're still on the
6 same subject, we'll finish up, but --

7 THE WITNESS: No, I think we're kind -- if
8 Mr. Berkowitz is okay with what I've given here as
9 evidence --

10 THE COURT: Well, that's completely up to
11 you.

12 THE WITNESS: Oh, okay.

13 THE COURT: Yes.

14 THE WITNESS: Okay. I feel that I matched up
15 what I needed to match up. I mean the main companies,
16 the stamps, the Google, the Yahoo --

17 THE COURT: Right.

18 THE WITNESS: -- Earth Skater. I mean, as
19 you can see, they just keep repeating themselves all the
20 way down the pages as the charges go on. The charges
21 are the same for Yahoo, the charges are the same for
22 Google, okay? And the Earth Skater charges are the
23 same. So I would like to add this exhibit, to submit
24 it.

25 THE COURT: Okay. 503?

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1 THE WITNESS: Yes, 503.

2 THE COURT: Any objection?

3 MR. BERKOWITZ: No objection.

4 THE COURT: All right, that's admitted. 503
5 is admitted.

6 (Defendant's Exhibit 503, credit card
7 statements, is admitted into evidence.)

8 THE WITNESS: Okay. And --

9 THE COURT: And we'll talk about all your
10 other --

11 MR. BERKOWITZ: That was 5 -- I'm sorry, that
12 was 503. I don't now if there is a 502.

13 THE WITNESS: No, I have --

14 THE COURT: No.

15 THE WITNESS: I have another one, 502.

16 THE COURT: This is 503. That's what I'm
17 admitting now.

18 MR. BERKOWITZ: Okay, this is 503.

19 THE COURT: All right, well, look, let's take
20 a lunch break, all right?

21 THE WITNESS: Right. Okay, great.

22 THE COURT: So it's about 12:10. Let's come
23 back at 1:15.

24 THE WITNESS: Sounds great, Your Honor.

25 THE COURT: See you at 1:15. Thanks.

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* * *

AFTERNOON SESSION

1:18 p.m.

THE WITNESS: The D-31, the expert's report.
P-31. P-31. P-31.

(Pause in proceedings.)

THE WITNESS: It's Exhibit B.

MR. BERKOWITZ: I'm sorry, Exhibit?

THE WITNESS: Exhibit Beta, Beta.

MR. BERKOWITZ: B, okay.

(Pause in proceedings.)

THE WITNESS: Okay. In reference to Exhibit
B, the summary of distribution, okay, again, as far as
what I explained three years later with the American
Express report that the expenses are there. I mean
they are expenses.

They're still expenses that they were back in
all the American Express bills that are listed here,
and I guess -- I don't know if this is an aggregate
total. No, it's not an aggregate total. It's 185,000
in 2010, 277,000 in 2011, 250,000 or 333,000
amortization in 2012, okay?

My statement is that maybe a percentage of
that, okay, maybe ten to 15 percent of them numbers
would have been non-related expenses since we have now

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1 looked at the current 2015 American Express bill.

2 So, I would say that this report, as far as
3 the American Express expenses are concerned, is not
4 valid, okay. I would also say as far as A&C Building
5 and Industrial Maintenance is concerned, this report it
6 not valid. I would also say as far as Clement Hipple
7 is concerned, this report is not valid.

8 So -- and I am in agreement that the other
9 charges, the Volvo, the house, the life insurance
10 policies and things of that nature, are charges that
11 probably Brian did on his own. Okay.

12 (Pause in proceedings.)

13 THE WITNESS: I'd like to turn to -- oh,
14 also, I'm sorry, we have to (inaudible) as far as this
15 report is concerned. If you turn to the second --
16 third page, "Introduction and Background," of the
17 report, and in the first paragraph, the report reads,
18 "According to the first amended complaint (the
19 Complaint), Teresa Hipple loaned more than \$400,000 to
20 SCIX. Teresa Hipple had two judgments entered against
21 her, SCIX, to secure the loan."

22 Okay. So, basically, what he's saying here,
23 and he's got all the documentation in his hands, first
24 of all, he's making a statement that she owed -- was --
25 owed more than \$400,000 on the two notes, okay?

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1 The two notes consisted of 250,000 on July
2 3rd, right, and the other note consisted of 100,000 on
3 August 23. Now, if you would turn to the next page
4 under "Nature of SCIX Business," at the very bottom of
5 the page, he talks about, "Steel Seal -- Steel Seal
6 sold the Steel Seal product primarily through direct
7 sales/shipping to consumers that were" -- I don't know
8 this word -- "organizing through a website."

9 THE COURT: Originating.

10 THE WITNESS: -- "originating through a
11 website," okay? And, therefore, that means that he --
12 in his mind, okay, as an --

13 MR. BERKOWITZ: Objection to him testifying
14 what was in Mr. Geisser's mind.

15 THE WITNESS: Okay. All right, sorry about
16 that, Your Honor. Okay. The report shows me that the
17 person that prepared the report is showing that all the
18 revenue --

19 MR. BERKOWITZ: Objection, Your Honor, I
20 think this is argument, not testimony.

21 THE WITNESS: No, it's testimony.

22 THE COURT: I'll overrule the objection. Go
23 ahead.

24 THE WITNESS: Okay. It -- in his mind, is
25 shows that most of the revenue came through the

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1 website, but not at any point in time did this expert
2 witness go to see who owned the website. He made an
3 assumpt -- no, I'm not supposed to say that.

4 Someone made an assumption that SCIX owned
5 the website, which was an incorrect assumption and
6 would have a large bearing on the outcome of the
7 expert's report. That's number one.

8 (Pause in proceedings.)

9 THE WITNESS: The other part, again, which he
10 also knew at the time of this report, that the product
11 being sold was a chemical product. He never took it
12 upon himself to check whether or not -- who had the
13 rights to the chemical product, which are the major,
14 big issues -- well, there's three major, big issues
15 with this report.

16 First of all, nobody told him to go check to
17 see who owned the chemical formula and how the chemical
18 was being produced. No one told him or asked him to go
19 check to see who owned the website and where most --
20 not where most, where all the revenue was coming
21 through.

22 And number three, later on as we go on, is he
23 had all the documentation he needed, and yet he never
24 addressed any of the issues, including Teresa's loan,
25 which he was fighting for as a liability, okay? So

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1 they are three serious, main issues that I think should
2 be considered.

3 (Pause in proceedings.)

4 THE WITNESS: Again, I know we all make
5 little mistakes as things go on, myself and including
6 everybody else. So I'm going to go to P-132.

7 (Pause in proceedings.)

8 THE WITNESS: It should be Teresa's loan
9 documents. I believe it is anyway.

10 (Pause in proceedings.)

11 THE WITNESS: Okay. And, again, it's the
12 same as the chart that's up there on the board. If you
13 notice on the loan document, it starts in August of
14 \$350,000. Now, you know, it's basically -- it's just a
15 minor issue, but, again, I'm just trying to bring out a
16 point that, you know, everybody makes little mistakes,
17 okay. The actual loan was for \$250,000 and the other
18 loan was for 100,000.

19 Now, Mr. Berkowitz prepared this report
20 without any expert or anybody saying that, you know,
21 it's correct on its face or whatever. But, again, as
22 you can see, he starts it out with \$350,000, and
23 according to the notes and we can turn to the notes and
24 it will demonstrate that the notes were July 3rd for
25 250,000 and another note in August for 100,000. Do we

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1 need to go to the notes?

2 MR. BERKOWITZ: No, you said the first note
3 was in July?

4 THE WITNESS: Yeah, according to the books,
5 yeah, July.

6 MR. BERKOWITZ: And the second one was in
7 August?

8 THE WITNESS: August, yes.

9 MR. BERKOWITZ: Okay.

10 THE WITNESS: Okay. So I just wanted to
11 point out that, you know, it's just a minor, minor
12 mistake, but, again, we all make mistakes.

13 (Pause in proceedings.)

14 THE WITNESS: Okay. I'm going to ask myself
15 a couple of questions, Your Honor, okay? Mr. Hipple,
16 if you had a chance, would you purchase SCIX after you
17 looked at their books and records? Okay.

18 Okay. Now, I'm not saying I'm an expert,
19 okay, but in the last three years I've been working at
20 this business, okay, and I understand the business,
21 okay.

22 So the first thing I would ask if SCI was up
23 for sale to me, okay, considering the type of business
24 that it is, all right, a web-based business and that
25 relies on the chemical, okay, first of all, I would --

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1 first questions out of my mouth would be who owns the
2 website for this business that I want to buy for 1.7
3 million? That would be the first question out of my
4 mouth, who owns the business -- I mean who owns the
5 website?

6 Oh, I don't own the website, I just own the
7 business. Well, who owns the chemical formula that
8 produces this Steel Seal? Well, there is a
9 confidentiality agreement that is owned by Scientific
10 Chemical, Incorporated. I once had a patent on it, but
11 the patent has lapsed. And yet you tell me -- well,
12 what am I buying from you for \$1,750,000? What is your
13 liabilities for this corporation?

14 Well, it could be somewhere close to \$2
15 million. Okay. Well, I'm sorry, I don't see where
16 this business would be worth 1,750,000. First of all,
17 you don't own the website. Second of all, you don't
18 even have the rights to the chemical formula.

19 When you're looking at a business to purchase
20 it, the first thing you look at is the mainstream of
21 the revenue and how that revenue is -- okay. When I
22 look at a business --

23 MR. BERKOWITZ: Objection. I believe Mr.
24 Hipple is now offering opinion.

25 THE WITNESS: Okay. I'm going to --

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1 MR. BERKOWITZ: That is the --

2 THE WITNESS: I'm going to rephrase it.

3 MR. BERKOWITZ: That is the purview of an
4 expert and I don't believe he's qualified himself as an
5 expert, nor issued an expert report.

6 THE WITNESS: I can rephrase.

7 THE COURT: All right. Why don't you
8 rephrase it?

9 THE WITNESS: Okay. Could you read back how
10 I said it?

11 (No response heard.)

12 (Pause in proceedings.)

13 THE WITNESS: When you look at a business --
14 all right, when I -- when I would look at a business,
15 okay, one of the main things I would go to first is how
16 is the revenue generated? What are your sales? That's
17 where I go first. My second place is what is your net
18 profit, okay?

19 But my first question would be well, what are
20 your sales over the last five years and what is your
21 net profit over the last five years? In this case of
22 this business, okay, they had very good sales and very
23 good net profit.

24 But, the problem is where the sales were
25 generated, they did not own the website and it could

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1 have been taken away from him at any point in time,
2 which I explained earlier.

3 I had the right and the ability if I was
4 going to try and do something, I could have pulled the
5 website from SCIX at any point in time and I could have
6 also stopped SCIX from producing the chemical because
7 even though -- even though SCIX had the patent, they
8 never, ever, never, ever had the actual chemical
9 formula because in the patent, Your Honor, and this is
10 a protection based on all patents, they put a range,
11 like 30 to 40 percent of 40 to 50 percent or 30 to 80
12 percent of sodium silicate, okay, 50 to 80 percent of
13 potassium silicate, water, ethylene glycol, okay. All
14 right? But they don't give the precise quantity --

15 THE COURT: Right.

16 THE WITNESS: -- of how much -- how many
17 ounces of this, how many ounces of that, and how many
18 ounces of this. This is something that I was the only
19 one that received, okay. I received this in
20 confidentiality between Mr. Barks and myself, and then
21 I passed in on in the confidentiality agreement. Only
22 I know the actual formula. SCIX never knew the actual
23 formula.

24 THE COURT: Colonial knows it? Colonial?

25 THE WITNESS: Colonial Chemical did.

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1 THE COURT: They did.

2 THE WITNESS: Yes, a confidentiality
3 agreement --

4 THE COURT: Right.

5 THE WITNESS: -- we had between Colonial
6 Chemical and myself.

7 THE COURT: Right.

8 THE WITNESS: So, basically, again, to get
9 back to the value of SCIX, these are things that were
10 never taken into consideration in the expert's report,
11 okay.

12 And as far as the fraudulent transfer, I
13 don't see how anything could be fraudulent when I am
14 the only one that knows the actual chemical formula and
15 I own the website. SCIX owns nothing, the name and ran
16 and operated the business. That's all they own. They
17 had -- they had nothing, okay, and that's basically --

18 (Pause in proceedings.)

19 THE WITNESS: Okay. Now, as far as -- this
20 is a question to you, Your Honor. As far as my
21 testimony is concerned so far was basically on the
22 information I received, okay?

23 Now -- and I guess this is a question I have
24 for you, is that there are certain documents that
25 were -- that aren't in these books that were allowed

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1 into evidence, okay, and the ones -- all the ones that
2 are left in the books are allowed into evidence, okay.
3 Do I have the right to go right now and say -- not that
4 I'm going to question it, okay -- look at tab two, tab
5 three, tab four, tab five, and then when I become upon
6 something that I want to speak about ask myself a
7 question and give an answer? Is that the proper way?
8 Is that my right?

9 THE COURT: Yes, you could do that. It's
10 going to take a while though because you want to go
11 through each and every one of these exhibits until you
12 come up with --

13 THE WITNESS: Well, it --

14 THE COURT: -- until you reach one that you
15 want to talk about, right?

16 THE WITNESS: It would really take that long,
17 Your Honor. It would just --

18 THE COURT: It would be helpful if you knew
19 which ones you wanted to talk about.

20 THE WITNESS: I'm just -- I'm just looking
21 for pacific. I think the ones I want to talk about are
22 the ones that questions were asked to me about.

23 THE COURT: All right. Let me ask you this.
24 There's a lot of defense exhibits here.

25 THE WITNESS: Yeah.

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1 THE COURT: Okay? Are there some of those
2 defense exhibits that you want to introduce into
3 evidence that are not duplicative of the plaintiff's
4 exhibits, because you know Mr. Berkowitz, he said
5 that --

6 THE WITNESS: Yeah.

7 THE COURT: -- some of the exhibits overlap.

8 THE WITNESS: They do overlap.

9 THE COURT: Okay.

10 THE WITNESS: And he'll know --

11 THE COURT: And that's fine.

12 THE WITNESS: -- which ones they are.

13 THE COURT: And then he's okay -- you know,
14 he's okay with that. But there may be some in this
15 book that are new exhibits that are different than the
16 plaintiff's exhibits.

17 THE WITNESS: Yeah, which we would have to
18 look at also.

19 THE COURT: So maybe my suggestion is if you
20 want to do what you want to do, is go through each
21 exhibit and see if you want to comment, why don't we
22 start on the defense exhibits --

23 THE WITNESS: Okay.

24 THE COURT: -- and then if -- go ahead, Mr.
25 Berkowitz.

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1 MR. BERKOWITZ: Your Honor, I would object to
2 the defense exhibits. They haven't been offered yet.
3 I would object if Mr. Hipple's intent is to go back and
4 argue the admissibility or inadmissibility --

5 THE COURT: Oh, yes.

6 MR. BERKOWITZ: -- of plaintiff's exhibits.

7 THE COURT: No, no, we're --

8 THE WITNESS: No, I'm not -- I'm not going to
9 argue.

10 THE COURT: Yes, we're beyond that.

11 MR. BERKOWITZ: Yes.

12 THE COURT: We're not --

13 THE WITNESS: I'm not looking to argue.

14 THE COURT: No, we're beyond that. That's
15 already been decided.

16 THE WITNESS: Yeah, I'm not looking for that.

17 THE COURT: But if there are some new
18 exhibits, and if there are some exhibits that are in
19 evidence that you want to make a point or two about,
20 that's fine too. So is that -- is that --

21 THE WITNESS: That's basically what I'm
22 doing.

23 THE COURT: All right.

24 THE WITNESS: And I could do it very quickly,
25 Your Honor.

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1 THE COURT: Let's go through the defense ones
2 first --

3 THE WITNESS: Okay.

4 THE COURT: -- because that may -- that way
5 you'll cover with the ones that --

6 THE WITNESS: Yeah, that may be in the other
7 book.

8 THE COURT: They're -- they may not be in
9 evidence and you may want to get them in. So you want
10 to start with Defense Exhibit 1 first and go through
11 that?

12 THE WITNESS: Yes. Yes.

13 THE COURT: Volume one?

14 THE WITNESS: Volume one.

15 MR. BERKOWITZ: Your Honor, I may be able to
16 go through it more quickly than Mr. Hipple if --

17 THE COURT: Sure.

18 MR. BERKOWITZ: -- I could tell you which I
19 object to and which are duplicates, for the most part.

20 THE COURT: Okay. Well, why don't we do
21 this? Why don't we go one-by-one through each exhibit?
22 Mr. Berkowitz, if you could tell us, you know, it's
23 already been in evidence, then we can get passed that.
24 And then if you want to comment on any of this, then
25 just say I want to say something about this.

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1 THE WITNESS: Okay.

2 THE COURT: Why don't you sit down? Okay.

3 MR. BERKOWITZ: D-1, the judgment note, is
4 already in, the October 5 judgment note for --

5 THE WITNESS: You can just say 1, 2, 3.

6 MR. BERKOWITZ: The SCIX.

7 THE WITNESS: I can deal with them that way
8 if you would like to make it easier.

9 MR. BERKOWITZ: Yeah, I'm just saying I can
10 go through it more quickly. I know which ones have
11 already been admitted.

12 THE COURT: All right.

13 MR. BERKOWITZ: But that's up to you, Your
14 Honor.

15 THE COURT: You know, let's go through it,
16 but then let's give him -- Mr. Hipple, we'll give you
17 some time to -- Mr. Berkowitz to say this is already
18 into evidence. I'll give you some time if you want to
19 say anything about it.

20 THE WITNESS: Okay.

21 THE COURT: And if I don't hear from you,
22 we're going to pass. We're going to go to --

23 THE WITNESS: Okay.

24 THE COURT: Mr. Berkowitz will --

25 THE WITNESS: Fine.

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1 THE COURT: -- go to the next one. Go ahead.
2 D-1 has been admitted?

3 MR. BERKOWITZ: Yes, that's the --

4 THE COURT: Okay.

5 MR. BERKOWITZ: -- October 5 note.

6 THE COURT: D-2 is the security agreement.

7 MR. BERKOWITZ: Already admitted.

8 THE COURT: D-3 is the financing statement.

9 MR. BERKOWITZ: Yes, the UCC 1 is already
10 admitted.

11 THE COURT: 5 is Mr. Brian Hipple's --

12 MR. BERKOWITZ: 4, that letter is already in.

13 THE COURT: Okay.

14 MR. BERKOWITZ: 5, the letter is already in.

15 THE COURT: Okay.

16 MR. BERKOWITZ: D-6 I believe is Plaintiff's
17 Exhibit 130.

18 THE COURT: Okay. That's admitted. That's
19 been admitted.

20 MR. BERKOWITZ: D-7, certificate of
21 formation, I believe it's in plaintiff's exhibits and I
22 have no objection to it.

23 THE COURT: All right, D-7 is admitted. I'll
24 admit that, okay? Do you want that admitted?

25 MR. BERKOWITZ: I believe it's in, Your

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1 Honor.

2 THE WITNESS: Yes.

3 THE COURT: All right, well, I'll admit it
4 anyway even if it's duplicative.

5 (Defendants' Exhibit 7, certificate of
6 formation, is admitted into evidence.)

7 THE COURT: Because you weren't quite sure.
8 That's why --

9 MR. BERKOWITZ: Yeah.

10 THE COURT: You didn't sound --

11 MR. BERKOWITZ: I --

12 THE COURT: You sounded a little equivocal on
13 that one so I'll let it in.

14 MR. BERKOWITZ: I'm working out of memory,
15 but --

16 THE COURT: I know you are.

17 MR. BERKOWITZ: -- I believe it's close.

18 THE COURT: And you're doing a good job at
19 it. Go ahead.

20 MR. BERKOWITZ: D-8 is already admitted. D-9
21 is admitted. D-10 is admitted. D-11 is admitted.
22 D-12 is admitted. D-13 is admitted.

23 THE WITNESS: D -- no, just one minute on
24 D-13. D-13 has to be admit -- we're talking about mine
25 because his only had one page. Mine has two pages.

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1 THE COURT: All right, I'll admit D-13.

2 MR. BERKOWITZ: No objection, Your Honor.

3 (Defendants' Exhibit 13, document, is
4 admitted into evidence.)

5 THE COURT: You don't have an object --

6 MR. BERKOWITZ: No objection, Your Honor.

7 THE COURT: You don't have an objection,
8 right?

9 MR. BERKOWITZ: No objection.

10 THE WITNESS: No, it's important because it
11 has critical information.

12 THE COURT: All right, D-13 is admitted into
13 evidence. All right. What about 14?

14 MR. BERKOWITZ: D-14, no objection. It's
15 already admitted.

16 THE COURT: Okay.

17 MR. BERKOWITZ: D-15, no objection. I
18 believe it's already admitted in plaintiff's. That's
19 the consent decree for the marriage. D-16, 17, 18 are
20 already admitted in plaintiff's exhibits.

21 THE WITNESS: Just one minute on that. I
22 agree with that, but there should be four notes.

23 MR. BERKOWITZ: Well, there were four notes
24 admitted by the plaintiff.

25 THE WITNESS: Yeah, but that's only three.

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1 MR. BERKOWITZ: I understand.

2 THE WITNESS: You said 17, 18, and 19, and
3 that's all that's in my book. There is actually four
4 notes.

5 MR. BERKOWITZ: I agree, and they're admitted
6 already, Your Honor.

7 THE WITNESS: Oh, in your book?

8 MR. BERKOWITZ: Correct.

9 THE COURT: For some reason, your attorney
10 didn't put it in the book.

11 THE WITNESS: Okay.

12 THE COURT: All right.

13 THE WITNESS: Thank you.

14 MR. BERKOWITZ: D-19, let me just see what
15 that is, make sure I know.

16 THE WITNESS: JC Consultants, (inaudible)
17 loans.

18 MR. BERKOWITZ: D-19 has not been used and
19 it's not been admitted.

20 THE WITNESS: I would like to admit it, Your
21 Honor.

22 THE COURT: All right, do you want to -- do
23 you want to talk about it? What is it?

24 THE WITNESS: It's a -- it's a -- it's part
25 of the promissory notes. If any question comes up

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1 later on as far as something being contrary, okay. And
2 it actually has JC Consultant, Clement and Teresa on
3 it, so I would like to get that admitted because of JC,
4 because it shows that no interest was paid to JC.

5 THE COURT: Do you know who prepared this?
6 Was this your accountant or --

7 THE WITNESS: I believe so. Yeah, this is
8 from Ira Krassan.

9 MR. BERKOWITZ: Your Honor, I don't believe
10 Mr. Krassan used it or authenticated it.

11 THE WITNESS: I don't think --

12 MR. BERKOWITZ: I have seen it before.

13 THE WITNESS: Yeah.

14 MR. BERKOWITZ: I don't know where it comes
15 from.

16 THE WITNESS: I don't think it was
17 authenticated either, Your Honor. Let me just look at
18 it real quick at something. I don't remember --

19 THE COURT: Well, there's a number of
20 exhibits with 19 so --

21 THE WITNESS: Yeah, but there are --

22 THE COURT: There's B -- A, B, C. Mr.
23 Berkowitz, why don't you look through these and see if
24 you have any problems with them?

25 MR. BERKOWITZ: Your Honor, these documents

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1 and -- if you're looking at D-19A it --

2 THE WITNESS: 19A?

3 MR. BERKOWITZ: Yeah, December --

4 THE WITNESS: I don't have --

5 MR. BERKOWITZ: -- 1, 2002. They're very old
6 and they pre-date Teresa Hipple's judgment.

7 THE COURT: But they do show the validity.
8 His point --

9 MR. BERKOWITZ: They --

10 THE COURT: -- is he had these -- he voided
11 the JC Consulting loans. And I mean you made some
12 inference they were made up and --

13 MR. BERKOWITZ: These are here.

14 THE COURT: These are here.

15 MR. BERKOWITZ: These are here, Your Honor.

16 THE COURT: And it shows that they -- he's
17 going to argue that it shows that they're longstanding
18 loans.

19 MR. BERKOWITZ: Yes.

20 THE WITNESS: They are. We do go back to
21 2001, so let's admit this.

22 THE COURT: Do you have a problem with A?
23 19A?

24 THE WITNESS: I have it as 19, but --

25 MR. BERKOWITZ: Again, yeah, these show loans

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1 to Mr. Hipple and JC Consulting going back to 1999 and
2 2000. Again, there's another document. Never been
3 authenticated but I guess it is what it is. It's a
4 very old business record, for what it's worth.

5 THE WITNESS: All right, so we'll just admit
6 it.

7 THE COURT: Okay. I'll admit -- I'll admit
8 19A.

9 (Defendants' Exhibit 19A, loan information,
10 is admitted into evidence.)

11 THE COURT: What about B? These are these
12 Quickbooks of SCIX. Any objection to that, Mr.
13 Berkowitz?

14 MR. BERKOWITZ: I'm sorry, 19B?

15 THE COURT: B, as in boy, yes. It looks like
16 it's a Quick --

17 MR. BERKOWITZ: Yeah, from -- yeah, I
18 received --

19 THE COURT: I --

20 MR. BERKOWITZ: -- that document, Your Honor.

21 THE COURT: All right, B is admitted.

22 (Defendants' Exhibit 19B, Quickbooks
23 information, is admitted into evidence.)

24 THE COURT: C?

25 MR. BERKOWITZ: I also received that

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1 document.

2 THE COURT: All right, C is admitted.

3 (Defendants' Exhibit 19C, document, is
4 admitted into evidence.)

5 MR. BERKOWITZ: Same thing, I received D.

6 THE COURT: D is admitted.

7 MR. BERKOWITZ: It says what it says I guess.

8 THE COURT: D is admitted.

9 (Defendants' Exhibit D is admitted into
10 evidence.)

11 MR. BERKOWITZ: E, I also received E.

12 THE COURT: Okay, E is admitted.

13 (Defendants' Exhibit E, document, is admitted
14 into evidence.)

15 MR. BERKOWITZ: And F, I also received F,
16 Your Honor. There's -- I'm sorry, yeah. I have no
17 idea where it's from, but it says what it says.

18 THE COURT: Okay. F is admitted.

19 (Defendants' Exhibit F, document, is admitted
20 into evidence.)

21 THE COURT: And G? Let's go through G, H, I,
22 J are all records of SCIX.

23 THE WITNESS: Way back in the day, 1999.

24 MR. BERKOWITZ: Your Honor, some actually
25 don't say SCIX at the top. If you look at G, it says

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1 CR Hipple Register. I don't know what that --

2 THE COURT: I'm looking at G at the top. It
3 says SCIX, LLC.

4 THE WITNESS: It's SCIX.

5 MR. BERKOWITZ: Oh, I'm sorry. Mine has got
6 a hole punched through it.

7 THE COURT: Oh, yes.

8 MR. BERKOWITZ: I don't know if --

9 THE COURT: It says "SCIX, LLC, Account Quick
10 Report, January Through December '99."

11 THE WITNESS: Right.

12 MR. BERKOWITZ: I'm sorry, I don't see it.

13 E, F, G?

14 THE COURT: G and H.

15 MR. BERKOWITZ: G and H? Mine does not say
16 that.

17 THE WITNESS: Do you want to look at -- here,
18 I can show you a copy.

19 MR. BERKOWITZ: Mine says "Clement Hipple
20 Register."

21 (Pause in proceedings.)

22 MR. BERKOWITZ: Oh, the Quickbooks? That is
23 not the G I have. The G in my book is a different
24 exhibit. It's got the stamp -- the exhibit label of
25 the defendant on it. I have seen Mr. Hipple's G.

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1 THE WITNESS: There's H, SCIX.

2 MR. BERKOWITZ: And I have seen Mr. Hipple's
3 H, but that is not the Exhibit --

4 THE WITNESS: How about that.

5 MR. BERKOWITZ: -- G, H in my book. I have
6 seen those, Your Honor.

7 THE COURT: Okay.

8 THE WITNESS: And my --

9 MR. BERKOWITZ: The ones in my book are not
10 the same.

11 THE WITNESS: All right.

12 THE COURT: All right, well, why don't you --
13 we'll get copies of those for Mr. Berkowitz.

14 THE WITNESS: Just take them out?

15 THE COURT: Take them out and why don't you
16 give them to my clerk if you don't mind.

17 MR. BERKOWITZ: Do you want the ones that I
18 have that are --

19 THE COURT: No, I don't need yours. You want
20 a copy of this, right?

21 MR. BERKOWITZ: Yes, I have seen those
22 before, yes.

23 THE COURT: Do you want another copy? We'll
24 make it for you?

25 MR. BERKOWITZ: Yeah, I got these with the

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1 original stickers. You don't want to -- they don't --
2 yeah, I'd like a copy.

3 THE COURT: Okay.

4 MR. BERKOWITZ: I've seen them before, Your
5 Honor.

6 THE COURT: All right, we'll make you a copy.
7 19, all of 19.

8 MR. BERKOWITZ: I think we're -- are we
9 through 19?

10 THE COURT: Yeah, so I'll admit all of 19,
11 all right, Mr. Hipple?

12 THE WITNESS: Okay.

13 (Defendants' Exhibit 19, documents, is
14 admitted into evidence.)

15 THE COURT: Let's go through 20. 20 is --

16 MR. BERKOWITZ: 20, 21, and 22 are the
17 patents, Your Honor. They've been admitted --

18 THE COURT: Right.

19 MR. BERKOWITZ: -- with plaintiff's and
20 there's no objection.

21 THE WITNESS: I have no problem.

22 THE COURT: 23 is the -- 23 is a different
23 patent document. I don't remember seeing it.

24 MR. BERKOWITZ: Your Honor, that is I believe
25 my letter --

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1 THE WITNESS: Right.

2 MR. BERKOWITZ: -- of February 11th, 2011,
3 where I file the liens against the patents.

4 THE COURT: Do you have an exhibit?

5 THE WITNESS: You have it in yours, right?

6 MR. BERKOWITZ: D-23. Yeah, D-23, it's not a
7 letter in mine. It is the actual filing. There's no
8 letter. Oh, okay, it is a letter. I'm sorry. It is
9 from the patent office, a notice of recordation of
10 assignment of document.

11 THE COURT: All right.

12 THE WITNESS: Okay.

13 MR. BERKOWITZ: And that is --

14 THE COURT: Do you want --

15 MR. BERKOWITZ: -- the document that --

16 THE COURT: Do you want --

17 MR. BERKOWITZ: -- I received.

18 THE COURT: Do you want 23 in?

19 THE WITNESS: If he wants it in, that's fine.
20 It's already in I thought.

21 MR. BERKOWITZ: I believe it's in, but I
22 think --

23 THE COURT: All right.

24 MR. BERKOWITZ: -- we should put it in again
25 just in case.

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1 THE COURT: All right, D-23 is in, admitted.
2 (Defendants' Exhibit 23, letter, is admitted
3 into evidence.)

4 THE WITNESS: Your Honor, I think that's
5 actually P-23 as well.

6 MR. BERKOWITZ: Yeah, it could be.

7 THE COURT: All right. Well --

8 THE WITNESS: I believe that it's the same.
9 It's P in ours.

10 THE COURT: I'll let D-23 in.

11 MR. BERKOWITZ: Yeah.

12 THE COURT: Let's go to 24 to the assignment.

13 MR. BERKOWITZ: Assignment.

14 THE COURT: Probably a related document here.

15 MR. BERKOWITZ: Yeah, that is -- D-24 is --
16 yes, that, again, is the patent office notice of
17 recording.

18 THE COURT: All right, D-24 is admitted.
19 (Defendants' Exhibit 24, patent notice of
20 recording, is admitted into evidence.)

21 THE COURT: 25?

22 MR. BERKOWITZ: D-25, Your Honor, is in my --
23 it says --

24 THE WITNESS: United States of America.

25 MR. BERKOWITZ: D-25 --

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1 THE WITNESS: This has to do with a patent.

2 MR. BERKOWITZ: D-25 says it has to do with a
3 patent, but D-25 here is -- these are our Exhibits 21
4 and 22, P-21 and 22. These are the faxes to Mr. Lou
5 Berghof and Brian Hipple.

6 THE COURT: All right, they --

7 MR. BERKOWITZ: It is not, as it indicates
8 here, a certified --

9 THE WITNESS: And it's got Teresa's notes in
10 it so --

11 MR. BERKOWITZ: I believe D-25 --

12 THE WITNESS: Those are her notes.

13 MR. BERKOWITZ: -- refers to our Exhibit P-4
14 and P-5, which are the certified copies of the dockets.

15 THE COURT: I'll admit D-25. It's a public
16 record.

17 MR. BERKOWITZ: Yes.

18 THE COURT: Right. It may be duplicative,
19 but we'll admit that.

20 (Defendants' Exhibit 25, certified copies of
21 dockets, are admitted into evidence.)

22 THE WITNESS: D-25.

23 THE COURT: What about 26, domain reports,
24 Steel Seal?

25 MR. BERKOWITZ: That's been admitted as

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1 Plaintiff's 38.

2 THE WITNESS: Okay.

3 THE COURT: Okay. 27, withdrawn. 28?

4 MR. BERKOWITZ: No, 27 wasn't withdrawn
5 actually. I have 27 here and I believe we used it.

6 THE COURT: Okay.

7 MR. BERKOWITZ: And I believe it is -- it was
8 I believe --

9 THE WITNESS: What was it? What number?

10 MR. BERKOWITZ: I believe it's 42,
11 Plaintiff's 42.

12 THE COURT: Okay. Well, if it's in, it's in.

13 THE WITNESS: Okay. If you say if it's in,
14 it's in.

15 THE COURT: I don't -- my -- I don't know
16 even what it is because it just says "withdrawn" on
17 mine. All right, 29 appears to be a complaint. This
18 is in evidence already, right?

19 MR. BERKOWITZ: Yes, it is, Your Honor.

20 THE COURT: Right.

21 MR. BERKOWITZ: That's 51 through --

22 THE COURT: Right. How about 29, Rule 236
23 notice?

24 MR. BERKOWITZ: Again, that is part of
25 plaintiff's exhibits for Complete Group that's in.

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1 THE COURT: Okay. 31 is a precipe for writ
2 of execution.

3 MR. BERKOWITZ: Yeah, it's in already. Your
4 Honor, I would object to the admission of deposition
5 transcripts as evidence.

6 THE WITNESS: Okay. What's that, 32?

7 THE COURT: I'm up to 31.

8 MR. BERKOWITZ: Oh, I'm sorry.

9 THE COURT: 31 is a garnishee's answers.

10 MR. BERKOWITZ: It's in, Your Honor.

11 THE COURT: Okay. 32 is --

12 MR. BERKOWITZ: And that's Plaintiff's 55.

13 THE COURT: -- Rule 236 notice. This may be
14 the Michael Chevelle document.

15 MR. BERKOWITZ: No, no, no, these -- yes,
16 these are in. It's --

17 THE COURT: Right.

18 MR. BERKOWITZ: I have no objection.

19 THE COURT: Deposition of Teresa Concepcion,
20 right.

21 MR. BERKOWITZ: I have --

22 THE COURT: There's been portions read into
23 the record, and obviously that's something I'll
24 consider, but the transcript itself, are you seeking
25 that into evidence?

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1 THE WITNESS: What's that?

2 THE COURT: Ms. Concepcion's entire
3 deposition?

4 THE WITNESS: Her transcript?

5 THE COURT: Right.

6 THE WITNESS: Yes.

7 MR. BERKOWITZ: Your Honor, I object to
8 the --

9 THE COURT: Right. I'll over -- I'll sustain
10 the objection. If you want to read portions of it --
11 well, you really can't do that. You already passed
12 that. You questioned Ms. Concepcion about certain
13 portions of those depositions. They will be admitted.
14 You can -- those portions have been actually
15 transcribed in part of our record here.

16 THE WITNESS: Right.

17 THE COURT: I'm not going to admit the entire
18 deposition.

19 THE WITNESS: Because it's all nos, nos, nos.

20 THE COURT: Right. And your deposition has
21 not been admitted, your entire deposition.

22 THE WITNESS: Okay. Okay.

23 THE COURT: Okay. Let's go to the second
24 volume.

25 (Pause in proceedings.)

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1 THE WITNESS: Don't we have to swear him in
2 first, Your Honor, before he admits that these
3 documents are in?

4 THE COURT: What do you mean?

5 THE WITNESS: Swear him in?

6 THE COURT: Well, he's acting as a lawyer and
7 he's just objecting or not objecting.

8 THE WITNESS: I'm kidding, Your Honor.

9 THE COURT: Don't kid.

10 THE WITNESS: Okay.

11 THE COURT: Because everything you say means
12 something here. All right, 34.

13 MR. BERKOWITZ: Transcript. Again, I object
14 to -- there are four transcripts.

15 THE COURT: All right. That's a deposition,
16 your deposition. We're not going to admit that.

17 THE WITNESS: Okay.

18 THE COURT: 35 is also deposition of Melissa
19 Moreno.

20 THE WITNESS: All right.

21 THE COURT: Object to that?

22 MR. BERKOWITZ: Object to that.

23 THE COURT: Okay, that won't come in. 36.

24 MR. BERKOWITZ: Same objection.

25 THE COURT: Deposition of Wayne Geisser.

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1 That won't -- that won't come in. 31 is the standards,
2 AICPA standards. We did talk about these.

3 MR. BERKOWITZ: That's 37. That's -- I have
4 no objection, Your Honor.

5 THE WITNESS: 37. I jumped to 37.

6 THE COURT: All right, 37 is admitted ---

7 MR. BERKOWITZ: No objection.

8 THE COURT: -- into evidence.

9 (Defendants' Exhibit 37, AICPA standards, is
10 admitted into evidence.)

11 MR. BERKOWITZ: 38, no objection.

12 THE WITNESS: Hold on, let me -- okay. 37.

13 (Pause in proceedings.)

14 THE WITNESS: Oh, these are mine so I can't
15 object to them.

16 THE COURT: No, your --

17 THE WITNESS: Yeah, that's his response.

18 THE COURT: Right, he's agreeing to them.

19 THE WITNESS: Yeah.

20 THE COURT: So 37 and 38 are admitted into
21 evidence.

22 (Defendants' Exhibit 38, document, is
23 admitted into evidence.)

24 THE COURT: These are -- the expert report of
25 Mr. Peterson, no objection to that?

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1 MR. BERKOWITZ: No objection. And you
2 allowed --

3 THE COURT: 39?

4 MR. BERKOWITZ: -- Mr. Geisser report.

5 THE COURT: Right. 39 is in evidence. Okay.
6 Mr. Hipple, are you with us?

7 THE WITNESS: Yes. Yes. Uh-huh.

8 THE COURT: Okay. 39 is Mr. Pederson's
9 resume. No objection to that I don't think, right?

10 MR. BERKOWITZ: No objection.

11 THE COURT: That's admitted.

12 (Defendants' Exhibit 39, Mr. Pederson's
13 resume, is admitted into evidence.)

14 THE COURT: 40?

15 MR. BERKOWITZ: No objection. We've used it.
16 It's been admitted I believe.

17 THE COURT: Okay, 40 is admitted, notice of
18 claim against the estate.

19 (Defendants' Exhibit 40, notice of claim
20 against the estate, is admitted into evidence.)

21 THE COURT: 41.

22 MR. BERKOWITZ: That I object to. It hasn't
23 been authenticated. I don't know what it is. It
24 hasn't been used. It's a letter to me from plaintiff's
25 counsel.

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1 THE WITNESS: That's --

2 MR. BERKOWITZ: Defendants' counsel.

3 THE WITNESS: This is just about my
4 deposition, is that correct? I was in Peru at the
5 time?

6 (Pause in proceedings.)

7 THE WITNESS: Oh, no, "The assets would
8 include that which is set forth in the document and
9 produced in discovery had batch range of '09 to '10,
10 including the" -- I don't know about this. It has --
11 it talks about product, 450 cases.

12 MR. BERKOWITZ: I'm sorry, which exhibit is
13 this?

14 THE WITNESS: This is --

15 THE COURT: We're talking about 41.

16 THE WITNESS: 41, right?

17 THE COURT: This is this letter to you.

18 THE WITNESS: The third paragraph down it
19 talks about 450 cases.

20 MR. BERKOWITZ: Your Honor, it's a letter
21 from defendants' -- it's never been introduced,
22 authenticated, and I can't imagine what it's for.

23 THE WITNESS: I think she was offering you
24 back the product.

25 MR. BERKOWITZ: You mean it was a settlement

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1 offer?

2 THE WITNESS: Yeah, for you to take --

3 MR. BERKOWITZ: Then it's not admissible,
4 Your Honor.

5 THE WITNESS: I believe it was for you to --
6 we would give you everything back that we took.

7 MR. BERKOWITZ: My car works well, so I think
8 the offer was rejected.

9 THE WITNESS: I would like to leave this in
10 if we could, Your Honor.

11 THE COURT: I'm going to sustain the
12 objection. It does look like -- well, there's some
13 jargon about when a deposition is going to take place,
14 but there's also -- it appears --

15 THE WITNESS: Product.

16 THE COURT: -- to be some kind of offer.

17 THE WITNESS: Yeah.

18 THE COURT: Generally offers of compromise,
19 there's a Federal Rule of Evidence, it's 408 that says
20 that offers of compromise, offers of settlement are not
21 admissible.

22 THE WITNESS: Okay.

23 THE COURT: Okay. So I won't allow that to
24 come in.

25 THE WITNESS: All right.

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1 THE COURT: 42 is another letter. Again, it
2 looks like it's --

3 MR. BERKOWITZ: Your Honor --

4 THE COURT: -- about discovery.

5 MR. BERKOWITZ: -- it's lawyers bickering.
6 43.

7 THE WITNESS: Lawyers bickering?

8 MR. BERKOWITZ: Yeah, I guess I would put
9 that under the same category, not admissible. I would
10 object to it.

11 THE WITNESS: Let me just read it real --
12 possibly as fast as I can. Confirm availability -- oh,
13 this is talking about the dates. No, this is talking
14 about judgment notes. Your Honor, this is talking
15 about (inaudible) conveyance and --

16 THE COURT: See, these are letters between
17 the lawyers prior to trial regarding scheduling of
18 depositions.

19 THE WITNESS: Something you wouldn't look at
20 anyway, right?

21 THE COURT: No, they're just -- no, this
22 is not evidence. It's just lawyers talking to one
23 another --

24 THE WITNESS: Okay, fine.

25 THE COURT: -- and complaining about one

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1 another. So I'm not admitting those. Let me go over
2 those numbers again. So that's -- if I understand,
3 it's 41 through and including --

4 THE WITNESS: 43. 41, 42, and 43.

5 THE COURT: Through 45 I think. No, through
6 44. There's some letters from Mr. Berkowitz's firm to
7 Ms. Bowman.

8 MR. BERKOWITZ: Talking about depositions.

9 THE COURT: Right. So I'm not going to admit
10 them. Let's go to 45, which is responses to
11 interrogatories.

12 THE WITNESS: I think you let that in, right?

13 THE COURT: Any objection? That's part of
14 the record.

15 MR. BERKOWITZ: I mean it looks like I signed
16 them and served them, so I can't contest. They say
17 what they say.

18 THE COURT: All right, 45 is admitted.

19 (Defendants' Exhibit 45, responses to
20 interrogatories, is admitted into evidence.)

21 THE COURT: 46 are, again, response --

22 THE WITNESS: Responses.

23 THE COURT: -- to documents, plaintiff's
24 response to defendant's request for production of
25 documents. 47 is response to interrogatories. How

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1 about 46 and 47? They seem like they're just discovery
2 responses. They're admissible.

3 MR. BERKOWITZ: Actually, Teresa Hipple's
4 personal responses to defendants' interrogatories, we
5 admitted those I believe, so we have no objection.

6 THE COURT: All right, 46 and 47 are
7 admitted.

8 (Defendant's Exhibit 46 and 47, responses to
9 interrogatories, are admitted into evidence.)

10 THE COURT: 49 is a judgment note.

11 THE WITNESS: 48. I have that 48.

12 THE COURT: 48.

13 MR. BERKOWITZ: Oh, that's the missing JCC
14 note from -- Mr. Hipple mentioned before there were
15 only three notes. This is the fourth one. It's in.
16 It's just out of order.

17 THE COURT: All right.

18 THE WITNESS: No, in mine it says "Assignment
19 and separation for certification."

20 THE COURT: All right, he's talking about 49.
21 Let's go -- I'm sorry, let's go back to 48.

22 THE WITNESS: Okay.

23 THE COURT: 48, that's admitted into
24 evidence, but we can allow D-48 in.

25 (Defendants' Exhibit 48, document, is

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1 admitted into evidence.)

2 THE WITNESS: That's the -- yeah, that has to
3 be --

4 THE COURT: D-48, okay? That's okay?

5 MR. BERKOWITZ: Yeah. Yes, Your Honor.

6 THE COURT: D-48 is in. 49 is that fourth
7 judgment note you were talking about?

8 THE WITNESS: That's it, right.

9 THE COURT: That's admitted.

10 (Defendants' Exhibit 49, judgment note, is
11 admitted into evidence.)

12 THE WITNESS: Okay.

13 THE COURT: 50 is it looks like snapshots
14 from the website. Any objection?

15 MR. BERKOWITZ: No objection. We used that,
16 Your Honor.

17 THE COURT: 50 is in.

18 (Defendants' Exhibit 50, snapshots from
19 website, is admitted into evidence.)

20 THE COURT: 51 is the same thing. That's --
21 that will be admitted.

22 (Defendants' Exhibit 51, snapshots from
23 website, is admitted into evidence.)

24 MR. BERKOWITZ: Same thing.

25 THE COURT: 52.

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1 THE WITNESS: Definitely admitted and it's --

2 MR. BERKOWITZ: That's in, Your Honor.

3 THE COURT: 52. Hold on.

4 MR. BERKOWITZ: Mr. Hipple just used that.

5 THE COURT: We just used that. You have a
6 problem with that?

7 MR. BERKOWITZ: No objection.

8 THE COURT: 52 is in.

9 (Defendants' Exhibit 52, document, is
10 admitted into evidence.)

11 THE COURT: 53.

12 MR. BERKOWITZ: I object to 53.

13 THE WITNESS: Hold on. Okay, the ticket.

14 (Pause in proceedings.)

15 THE WITNESS: The only thing, Your Honor,
16 this is -- well, I don't even know where this -- how
17 this came about, okay? It was never a company doing
18 business. If anything, it shows that -- no, that could
19 come out.

20 THE COURT: All right, so we're not admitting
21 53. 54 is the same type of invoice it looks like.

22 THE WITNESS: Okay. What these are, these
23 are shipments to the UK.

24 MR. BERKOWITZ: I would object, Your Honor,
25 to -- you can't even get passed the authentication of

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1 these documents.

2 THE WITNESS: Okay. Your objection, but
3 you do -- you do realize there was chemical made for
4 the UK, correct?

5 MR. BERKOWITZ: Your Honor, if you look at
6 Exhibit 53, up in the left-hand corner --

7 THE WITNESS: Yeah.

8 MR. BERKOWITZ: -- it indicates an Griffin
9 Enterprises --

10 THE WITNESS: Enterprises, yeah.

11 MR. BERKOWITZ: -- and if you look at the
12 invoice date, it's 1-17-2001.

13 THE WITNESS: No, 2011.

14 MR. BERKOWITZ: 2011, that was when there was
15 the license agreement with Steel Seal Pro that was
16 exclusive. And you look under what was shipped, it
17 says "Case, Steel Seal," no size, no nothing.

18 THE WITNESS: Well, 12 bottles. 90 cases.

19 MR. BERKOWITZ: It's not probative of
20 anything, Your Honor.

21 THE WITNESS: A unit price. Well, if the UK
22 is an issue as far as whether or not we ship there,
23 even though it has the wrong -- the wrong documentation
24 name at the top, it has the right place gone to the UK
25 on that date. I would like to try to keep these in if

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1 we can.

2 THE COURT: Well, you have 53, 54, 55.

3 THE WITNESS: Now, there it goes back.

4 That -- same thing, and if --

5 THE COURT: All right, so I'm not going to
6 admit 51 through -- wait, I'm sorry.

7 THE WITNESS: 53 and 54?

8 THE COURT: I'm not going to admit 53, 54
9 because they're Griffin Enterprises.

10 THE WITNESS: But you will do 55?

11 THE COURT: But I will admit 55.

12 MR. BERKOWITZ: Your Honor, if I could
13 comment on 55?

14 THE COURT: Yes.

15 MR. BERKOWITZ: If you would look at the date
16 it is 10-4 before the transfer and it does say SCIX. I
17 would just point out it doesn't tell us anything about
18 what's being sold.

19 THE WITNESS: Yes, it -- Your Honor, I
20 disagree. The quantity is 90. He knows that the
21 cases -- there's 12 bottles to a case. He knows. It's
22 his knowledge. He said it in his testimony many, many
23 times, okay?

24 MR. BERKOWITZ: I haven't testified.

25 THE WITNESS: This thing is on the board 12

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1 times, you know.

2 THE COURT: I'm going to admit 55 over --

3 THE WITNESS: Okay, thank you.

4 THE COURT: -- his objection.

5 (Defendants' Exhibit 55, document, is
6 admitted into evidence.)

7 MR. BERKOWITZ: 55 is now SCIX after the
8 transfer of all its assets.

9 THE WITNESS: Again?

10 MR. BERKOWITZ: Oh, I'm sorry, D-56. I'm
11 sorry.

12 THE COURT: Yes, 56 --

13 MR. BERKOWITZ: I'm sorry, did we get 55?

14 THE COURT: 55 I admitted.

15 MR. BERKOWITZ: Okay.

16 THE COURT: 56 --

17 THE WITNESS: It's the same thing, Your
18 Honor. It's like a little mistake, not enough time
19 limit to change the name, okay, on the invoice or the
20 Quickbooks. It's just a matter of a small company
21 operating with a person that doesn't do very good with
22 bookkeeping work.

23 THE COURT: Well, I think he's -- 56, again,
24 I mean --

25 THE WITNESS: It's the same as --

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1 THE COURT: -- I'm speaking for Mr. Hipple,
2 but I think his point is that he wants to establish
3 that the company, SCIX, did sales in the UK. I don't
4 know if that's in dispute. I don't think it is.

5 MR. BERKOWITZ: Your Honor, actually, it is
6 in dispute.

7 THE COURT: It is? Well --

8 MR. BERKOWITZ: You may recall from Mr.
9 Geisser's testimony that there were no UK sales before
10 2012, and you also heard Mr. Berghof authenticate the
11 UK labels in 2011.

12 So documents that are showing the UK sales
13 before they had labels and before there's any revenue,
14 and also Mr. Berghof testified that there were no UK
15 orders before mid-2011, yes, I have --

16 THE WITNESS: I don't remember --

17 MR. BERKOWITZ: -- I have a problem.

18 THE WITNESS: -- that testimony.

19 THE COURT: All right, I'm going to allow it
20 in, 55 and 56.

21 (Defendants' Exhibit 56, document, is
22 admitted into evidence.)

23 THE COURT: 57 is the --

24 THE WITNESS: We can take that out.

25 MR. BERKOWITZ: 57 is out.

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1 THE COURT: 57 is out? Okay. 58.

2 THE WITNESS: 58, okay, Steel Seal Pro -- is
3 this the incorporation?

4 MR. BERKOWITZ: Yeah, I have no problem with
5 that, Your Honor.

6 THE WITNESS: Hold on, let me just look at
7 this for one minute because I know there -- I saw
8 something in dealing with this, okay? Your Honor, if
9 you turn to page four, okay, of this document --

10 THE COURT: Right.

11 THE WITNESS: -- you'll see under item number
12 two, halfway down the page --

13 THE COURT: Why do I have page three of this?

14 THE WITNESS: Oh, P-3, I'm sorry. I'm sorry,
15 Your Honor, P-3.

16 THE COURT: Right.

17 THE WITNESS: Item number 2.

18 MR. BERKOWITZ: I'm sorry, which one are we
19 on?

20 THE COURT: We're on --

21 THE WITNESS: P-3.

22 THE COURT: We're on, actually, Exhibit 58,
23 but page three. It says page P-3.

24 THE WITNESS: At the top of the page. And if
25 you notice down under number two appears the name,

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1 Griffin Enterprise, crossed out and Steel Seal Pro,
2 LLC, put in?

3 THE COURT: Right.

4 MR. BERKOWITZ: I have no objection to these,
5 Your Honor.

6 THE COURT: Okay, that's admitted. 58 is
7 admitted.

8 (Defendants' Exhibit 58, document, is
9 admitted into evidence.)

10 THE COURT: Let's go to 59. I've seen this
11 document before.

12 MR. BERKOWITZ: Your Honor --

13 THE WITNESS: Yeah, these are --

14 MR. BERKOWITZ: -- this is public record.

15 THE WITNESS: These are already in.

16 MR. BERKOWITZ: It may be in. If it isn't,
17 it should be in. Those are the documents I believe Ms.
18 Concepcion identified as the verification and the
19 complaint --

20 THE COURT: All right.

21 MR. BERKOWITZ: -- and confession of
22 judgment.

23 THE WITNESS: One minute.

24 THE COURT: 59 is admitted.

25 (Defendants' Exhibit 59, documents, is

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1 admitted into evidence.)

2 THE COURT: How about --

3 MR. BERKOWITZ: It was filed in 2003.

4 THE COURT: 59 is admitted. How about 60?

5 It looks like --

6 THE WITNESS: Same thing, Your Honor.

7 MR. BERKOWITZ: Same thing, Your Honor.

8 THE COURT: 60 is admitted.

9 (Defendants' Exhibit 60, documents, is
10 admitted into evidence.)

11 THE COURT: 60 is admitted. 61 is --

12 MR. BERKOWITZ: It's already been admitted.

13 We have no objection.

14 THE COURT: All right, 61 is admitted.

15 (Defendants' Exhibit 61, document, is
16 admitted into evidence.)

17 THE WITNESS: Oh, that's (inaudible) going
18 all the way back. Okay.

19 MR. BERKOWITZ: And 62, if you have a 62
20 again.

21 THE WITNESS: I don't think that, yeah.

22 THE COURT: 62 --

23 MR. BERKOWITZ: I got a 62.

24 THE COURT: 62 is admitted.

25 (Defendant's Exhibit 62, document, is

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1 admitted into evidence.)

2 THE COURT: Okay. So, Mr. Hipple, I think
3 what you -- you're almost finished now and I think what
4 you want to do is go through the other exhibits?

5 THE WITNESS: I just want to take a quick --

6 THE COURT: Sure, go ahead. Why don't --

7 THE WITNESS: -- quick review, Your Honor,
8 okay?

9 THE COURT: I'll tell you what. Why don't we
10 take --

11 THE WITNESS: You can take a break while I
12 work.

13 THE COURT: Let's take a break and come back
14 in --

15 THE WITNESS: And I'll sticker what I need.

16 THE COURT: Yes, look at what you look -- why
17 don't you look at it and we'll come back, okay?

18 THE WITNESS: Okay.

19 THE COURT: Let's take a ten-minute break to
20 let him look at that? All right.

21 MR. BERKOWITZ: Yes, and, Your Honor, I have
22 -- I can wait until the end. I have some additional
23 exhibits to move in.

24 THE COURT: All right. Okay.

25 THE WITNESS: So do I. I still have one

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1 more.

2 THE COURT: Fine. Okay. I'll be back in ten
3 minutes. See what you can do to identify it.

4 THE WITNESS: Okay. Speed it up you mean.
5 (Recess, 2:05 p.m. to 2:21 p.m.)

6 THE COURT: Okay. Please be seated. Just
7 before we continue, so Mr. Hipple, I'm just trying to
8 figure out a schedule.

9 THE WITNESS: Okay.

10 THE COURT: So how much more time do you
11 think you need on your direct?

12 THE WITNESS: Okay, I have four or five
13 questions there, very simple questions, okay?

14 THE COURT: Fine. Okay.

15 THE WITNESS: I don't know whether you want
16 to wait until I'm done. I would like to get this
17 document, this D-105 --

18 THE COURT: All right.

19 THE WITNESS: -- put in.

20 THE COURT: Okay.

21 THE WITNESS: Okay? And I'm basically done.

22 THE COURT: Okay. And you --

23 THE WITNESS: And that's direct.

24 THE COURT: You have some cross?

25 THE WITNESS: I don't know how long it's

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1 going to take.

2 THE COURT: Do you have some
3 cross-examination?

4 MR. BERKOWITZ: Yes, I do, Your Honor.

5 THE COURT: Do you think it's very extensive?
6 I'm just trying -- I have to figure out our schedule.

7 MR. BERKOWITZ: My goal is to finish today
8 and do a closing.

9 THE COURT: Okay.

10 MR. BERKOWITZ: I can't tell you when Mr.
11 Hipple will finish, if I'll get there, but I intend to
12 get there if we can.

13 THE WITNESS: And I intend to do a closing
14 also.

15 THE COURT: Okay. So I'm just trying to see
16 if we need a court reporter after 5:00 so --

17 MR. BERKOWITZ: I don't know when Mr. Hipple
18 will end --

19 THE COURT: Yes.

20 MR. BERKOWITZ: -- and how long my cross will
21 be.

22 THE COURT: I think we should get somebody at
23 least until 6:00.

24 THE WITNESS: Yeah, because I think my
25 cross-examination from him is going to be a long time.

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1 THE COURT: All right.

2 THE WITNESS: All right?

3 THE COURT: Your cross-examination of who?

4 THE WITNESS: He's going to cross-examine me

5 and --

6 MR. BERKOWITZ: Well, he thinks the

7 cross-examination will be --

8 THE WITNESS: -- it will be a long time.

9 THE COURT: No, I don't think it will be.

10 MR. BERKOWITZ: I don't think.

11 THE COURT: I'm hoping.

12 THE WITNESS: All right. I have --

13 THE COURT: All right.

14 THE WITNESS: I have a document, D-105, which

15 I think I gave you a copy of this.

16 THE COURT: D-105?

17 THE WITNESS: Yes.

18 MR. BERKOWITZ: It's 501, Mr. Hipple.

19 THE WITNESS: Oh, God.

20 MR. BERKOWITZ: I think you inverted the

21 numbers.

22 THE WITNESS: I keep doing it again. I

23 invert numbers, Your Honor.

24 THE COURT: All right.

25 THE WITNESS: You'll have to excuse me.

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1 MR. BERKOWITZ: Your Honor, it hasn't been
2 offered yet --

3 THE COURT: Yes.

4 MR. BERKOWITZ: -- and as long as I get to
5 cross-examine him on this document at some point, I --

6 THE WITNESS: I didn't cross --

7 MR. BERKOWITZ: I think you have to wait
8 until it's cross-examination to determine whether it
9 can be admitted.

10 THE COURT: Okay. All right.

11 MR. BERKOWITZ: I know what it is.

12 THE COURT: So you can talk about it. Now,
13 it's 105 is the number?

14 THE WITNESS: Yes.

15 MR. BERKOWITZ: No, it's 501.

16 THE COURT: Well, there is two numbers on
17 here.

18 MR. BERKOWITZ: Oh, I'm sorry.

19 THE WITNESS: Yeah, that's the number I
20 started it out with, then I --

21 THE COURT: You want to make it 501?

22 THE WITNESS: No, I think it has to be 5 --
23 what is it, 501?

24 THE COURT: 501.

25 MR. BERKOWITZ: 501.

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1 THE WITNESS: Yeah, okay.

2 THE COURT: All right, 501, fine. All right,
3 go ahead, Mr. Hipple. You can sit down.

4 THE WITNESS: I keep forgetting that.

5 THE COURT: So what's 501?

6 THE WITNESS: Okay. So 501 is a document
7 that I prepared, Your Honor, okay, Your Honor?

8 THE COURT: Okay.

9 THE WITNESS: It has no certification. It's
10 an informational document, okay?

11 THE COURT: Okay.

12 THE WITNESS: And here's what -- but it does
13 apply to the case, okay, because if you can notice --
14 and it's not spelled correctly, by the way, plaintiff's
15 report at P-26.

16 THE COURT: Right.

17 THE WITNESS: Then P-27, these are the JC
18 notes, P-28, P-29, are JC notes. Then when I
19 foreclosed on JC notes, I changed it to the 12 percent
20 according to the note, simple interest, okay?

21 THE COURT: Okay.

22 THE WITNESS: Okay. And then we go back.
23 I'm going to need his copy for a minute, Your Honor,
24 because mine only has three pages. Mr. Berkowitz, can
25 I borrow your copy?

Mr. Hipple - Direct

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1 MR. BERKOWITZ: You certainly can. You gave
2 it to be. Just as long as I get them all back.

3 THE WITNESS: Yeah. I have it on the
4 computer, but I don't have it here. Okay. And then on
5 the last page, okay, it says "Total interest paid as of
6 September 30th," okay?

7 THE COURT: Right.

8 THE WITNESS: To the JC, that's what would
9 have been due. And then total principal of JC and then
10 the total amount of JC. And then if you go down, it
11 says "Clement Hipple's loan," P-9, for 210,000, I carry
12 that out to the right-hand column.

13 THE COURT: Right.

14 THE WITNESS: And then as you go down, as far
15 as my royalties are concerned, and what I did is SCIX's
16 gross sales receipts from 2001 to 2005. Now, I put
17 them in at a low number of 400,000, okay, time five,
18 comes to two million, all right?

19 MR. BERKOWITZ: I'm sorry, I don't
20 understand. I understood that this was a calculation
21 of the JCC notes --

22 THE COURT: Plus he added --

23 MR. BERKOWITZ: -- plus the interest and you
24 carried it out.

25 THE WITNESS: No, this is a calculation of

Mr. Hipple - Direct

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1 everything, Teresa's note --

2 MR. BERKOWITZ: But, to go back and, you
3 know, look at the revenue of --

4 THE WITNESS: It's an --

5 MR. BERKOWITZ: -- of SCIX and to now want to
6 say that it owes me -- are you saying it owes me all?

7 THE WITNESS: No, no, no.

8 MR. BERKOWITZ: It's saying it's paid you the
9 royalties?

10 THE COURT: Let him finish. Go ahead. Why
11 don't you sit down? Sit down, Mr. Hipple. Let's do
12 this properly. Sit down. Okay. Finish your
13 explanation.

14 THE WITNESS: Okay. What I did is I went
15 back to SCIX's records, okay?

16 THE COURT: Right.

17 THE WITNESS: Not records -- I went back to
18 2001 when I turned the company over to Brian.

19 THE COURT: Okay.

20 THE WITNESS: I had personal knowledge, okay,
21 at that point in time that it was doing over \$400,000
22 in sales, and I believe Teresa had personal knowledge
23 of that also. Okay.

24 So, I took the low number, times it by five
25 years, for five years, okay, which comes to two

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1 million. Then under Exhibit Report P-31, which is his
2 exhibit, 2006 he said the sales were 466, 2007, 412,
3 2008, 524, 2009, 768, 2010, 868, bringing the total
4 sales to 5,078,000 from 2001 to 2010, okay.

5 Then I took that number to be used by the
6 royalties and timed it by ten percent and came up with
7 505,878, okay? I added in Teresa's loan effective
8 2010, not now, just what was effective at the time of
9 2010 of 389,000. Then I minused out the royalty
10 payments that I received, \$255,191, and it brought me
11 to a total of 1,920,000.

12 THE COURT: So this is what you're saying

13 SC --

14 THE WITNESS: X owes me.

15 THE COURT: -- IX owes you?

16 THE WITNESS: No, it owed everybody. This is
17 the --

18 THE COURT: Everybody.

19 THE WITNESS: -- total liability of SCIX --

20 THE COURT: Okay. All right.

21 THE WITNESS: -- in 2010.

22 THE COURT: As far as loans?

23 THE WITNESS: Right, as far as loans in 2010.

24 THE COURT: Right. Okay.

25 MR. BERKOWITZ: I have to cross-examine him

Mr. Hipple - Direct

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1 on it.

2 THE COURT: I know, but he's not finished.

3 MR. BERKOWITZ: Okay.

4 THE COURT: All right. Go ahead. All right.
5 Fine.

6 THE WITNESS: Okay. Well, he can
7 cross-examine me.

8 THE COURT: Yes. What else do you have?

9 THE WITNESS: Okay, quick stuff, okay? Here
10 I go speeding -- speed demon here. Okay. P-22, Your
11 Honor.

12 THE COURT: Okay.

13 THE WITNESS: Okay. If you turn back quite a
14 few pages to the Steel Seal label, it's the last two
15 pages of that article. It's the last two pages.

16 (Pause in proceedings.)

17 THE WITNESS: Now, these labels have been
18 manufactured, okay, and this is -- not that I don't
19 know because I'm manufacturing there now, from Valley
20 Forge Label Company since 1999, okay. At one point in
21 time, Valley Forge Label Company -- I don't know where
22 they got it, but it seems like they had Scientific
23 Chemical, Incorporated on the label at the bottom,
24 okay, under "customer."

25 And this is one of those things that we were

Mr. Hipple - Direct

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1 talking about earlier that, you know, small companies
2 make mistakes and they never bother to change them,
3 okay? So that's basically all I'm saying about this
4 document.

5 THE COURT: No, we're looking at 22, right?

6 THE WITNESS: Yeah, 22, the last two pages,
7 it looks like that.

8 THE COURT: Okay.

9 (Pause in proceedings.)

10 THE WITNESS: And there's two sheets, there's
11 front and the back.

12 THE COURT: That's what I'm trying to find.
13 Hold on. This -- okay, I see it. Page 34 on the
14 bottom and page --

15 THE WITNESS: Oh, I'm sorry, 33 and 34.

16 THE COURT: Right. Okay. "Customer" says
17 Scientific Chemicals, Inc.

18 THE WITNESS: Correct.

19 THE COURT: And you think -- what should it
20 have said?

21 THE WITNESS: Well, what's the date of this?
22 12-9? It should have said SCIX. Wait, 12-9? Would
23 that say SCIX?

24 THE COURT: Well, it says it's -- the
25 authorized signature --

Mr. Hipple - Direct

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1 THE WITNESS: Is Brian Hipple.

2 THE COURT: It says December of '11 on 33.
3 December '11, so as of December of '11 -- December 6th,
4 2011.

5 THE WITNESS: Yeah. It should have probably
6 said -- well, I don't know. It could have --

7 MR. BERKOWITZ: Objection, Your Honor. We
8 have a document and it's not what it could have said or
9 should have said. All it is is what it says.

10 THE COURT: Well, wait a minute. Mr.
11 Berkowitz, he's saying this is a mistake, it shouldn't
12 have said this. I just want to know what should it
13 have said?

14 THE WITNESS: I believe that it should
15 probably -- being it was ordered -- this -- Steel Seal
16 Pro was in town at that time, right? 2011 to '12?
17 Yeah. Yeah, it should have said Steel Seal Pro as
18 customer.

19 THE COURT: All right.

20 THE WITNESS: Okay? And we've been dealing
21 with them since 1999, Your Honor.

22 THE COURT: Okay.

23 THE WITNESS: Okay.

24 (Pause in proceedings.)

25 THE WITNESS: I'm just going to ask myself a

Mr. Hipple - Direct

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1 question, all right, on P-127.

2 (Pause in proceedings.)

3 THE WITNESS: Your Honor, I don't think this
4 was verified, but I'm not sure. That's the one from
5 Ira Krassan.

6 THE COURT: So, this is a tax return for
7 Clement Hipple dated --

8 THE WITNESS: 2009 and 2010. You have P-20
9 -- 127 and 128. But I'm just sitting here thinking I
10 think Ira Krassan verified these the other day.

11 MR. BERKOWITZ: Objection, Your Honor, he did
12 not. They were never offered.

13 THE COURT: I don't recall him talking about
14 your returns. I think Mr. Berkowitz is right.

15 THE WITNESS: He didn't talk --

16 THE COURT: No, I don't think he did.

17 THE WITNESS: Okay.

18 THE COURT: Not to my -- I don't recollect
19 that.

20 THE WITNESS: All right.

21 THE COURT: So what do you want to say about
22 it?

23 THE WITNESS: I want to turn to page number --

24 THE COURT: These aren't -- are these in
25 evidence?

Mr. Hipple - Direct

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1 THE WITNESS: Yes.

2 MR. BERKOWITZ: No, they're not, Your Honor.

3 THE COURT: They're not.

4 MR. BERKOWITZ: They haven't been offered
5 yet.

6 THE COURT: All right.

7 MR. BERKOWITZ: They haven't been used.

8 THE WITNESS: I thought we put these in
9 evidence the other day.

10 THE COURT: No, he apparently didn't move
11 them into evidence. I could check, I have my list.

12 MR. BERKOWITZ: No, I didn't because I never
13 used them.

14 THE COURT: Right.

15 THE WITNESS: Well, I can't put them into
16 evidence? He has to, right?

17 THE COURT: Well, if they're your returns.
18 You want them in and they're your returns, you identify
19 your signature, you can --

20 THE WITNESS: All right. These are my
21 returns. I can identify my signature and I'd like to
22 have P-127 and P-128 put in the -- put in the record.

23 THE COURT: Any objections?

24 MR. BERKOWITZ: No objections.

25 THE COURT: They're admitted.

Mr. Hipple - Direct

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1 (Plaintiff's Exhibits 127 and 128, Clement
2 Hipple's tax returns, are admitted into evidence.)

3 THE WITNESS: Okay. All right. If you would
4 turn to the last page of 2009 return.

5 THE COURT: Okay.

6 THE WITNESS: And you'll see there a payment
7 for royalties received, 117,991.

8 THE COURT: Okay.

9 THE WITNESS: Okay. And if you turn to 128,
10 which also goes into evidence, and I offer that's my
11 signature. If you turn to the last page -- well, next
12 to the last page, and same situation, royalties
13 received, 137,200.

14 MR. BERKOWITZ: I'm sorry, could you read
15 that number again?

16 THE WITNESS: 137,200.

17 MR. BERKOWITZ: 137,200. And that was what
18 year?

19 THE WITNESS: '10.

20 (Pause in proceedings.)

21 THE WITNESS: Okay. Okay. I believe I'm --
22 that it is for me.

23 THE COURT: All right. So you are finished
24 your --

25 THE WITNESS: Okay. I'm ready for

Mr. Hipple - Direct

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1 cross-examination.

2 THE COURT: Okay.

3 MR. BERKOWITZ: Mr. -- I'm sorry.

4 THE WITNESS: Do you want to do this one
5 first?

6 MR. BERKOWITZ: I will need that one, yes.

7 CROSS-EXAMINATION

8 BY MR. BERKOWITZ:

9 Q Now, Mr. Hipple, how many companies do you collect
10 royalties from?

11 A None now.

12 Q Well, in 2010, when we looked at your tax return --

13 A Right.

14 Q -- how many companies did you collect royalties
15 from?

16 A One.

17 Q And that was?

18 A SCIX.

19 Q So if we look at your Exhibit 128, your tax
20 returns, your royalties that year were 137,200?

21 A That is correct.

22 Q That's correct. Okay. Now, I'd like you to look
23 at Exhibit 31, I believe that's Mr. Geisser's tax --
24 Mr. Geisser's expert report.

25 A Okay.

Mr. Hipple - Cross

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1 Q I believe it's Plaintiff's Exhibit 31. Yes, it is.
2 Then I'm going to ask you to turn to Exhibit B.

3 (Pause in proceedings.)

4 Q Okay.

5 A B?

6 Q B. There you go. Do you --

7 MR. BERKOWITZ: Your Honor, do you have
8 Exhibit B?

9 THE COURT: I have it. You can go ahead. I
10 have it.

11 BY MR. BERKOWITZ:

12 Q All right, Mr. Hipple, do you see that Exhibit B of
13 Mr. Geisser's report --

14 A Yes, I do.

15 Q -- uses Schedule C from Brian Hipple's tax return?

16 A Yes, I do, Your Honor.

17 Q And -- I'm not Your Honor.

18 A Oh, well, yes, I do.

19 Q And you see under SCIX, LLC, 2010? Do you see that
20 year?

21 A Yes, I do.

22 Q And you see the sales for that year, gross receipts
23 for 2010?

24 A Right.

25 Q \$868,000.

Mr. Hipple - Cross

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1 A That is correct.

2 Q Okay. And your royalty was ten percent of the
3 revenue?

4 A No, my royalty was ten percent from 2001 forward.
5 I never -- I -- these were the first two royalty
6 payments where he was able to pay me something.

7 Q Mr. Hipple, please. You're trying to confuse
8 things. I'm just trying --

9 A I'm not trying to confuse things.

10 Q -- to look at the tax return. The tax return shows
11 revenue of \$868,000. Do you see that?

12 A You're absolutely correct, it does.

13 Q And you told us that in 2010 you received 137,200
14 in royalties, correct?

15 A That is correct.

16 Q And that is not ten percent of the revenue, is it?

17 A That is correct.

18 Q Okay. It's not --

19 A Now let me explain why.

20 Q -- ten percent of the revenue. No, you're not
21 going to explain why. I get to ask you the questions
22 now, sir. I have to unravel all this information, Mr.
23 Hipple.

24 THE COURT: You can explain -- after he's
25 finished, you can explain why.

Mr. Hipple - Cross

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1 THE WITNESS: Okay, fine.

2 THE COURT: Make a note of that. Do you have
3 a piece of paper?

4 THE WITNESS: Yeah, let me go get -- I have
5 one.

6 THE COURT: Here.

7 MR. BERKOWITZ: Okay. Exhibit 128.

8 THE COURT: Write a note, "explain 2010
9 royalty." That's what I would suggest you do.

10 (Pause in proceedings.)

11 BY MR. BERKOWITZ:

12 Q Now, Mr. Hipple, you looked at your -- Plaintiff's
13 Exhibit 127, your 2009 tax return, correct?

14 A Correct, yes.

15 Q Okay. And on that tax return you received
16 \$117,991?

17 A That is correct.

18 Q And let's look at Mr. Geisser's report on Schedule
19 C of --

20 A 786.

21 Q -- Brian Hipple's tax return that shows \$786,000 of
22 revenue. Do you see that?

23 A That is correct.

24 Q And \$117,991 is not ten percent of that, is it?

25 A That is correct.

Mr. Hipple - Cross

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1 Q It's far greater?

2 A Much greater.

3 Q Thank you.

4 A Now can I explain?

5 Q Nope.

6 A Not yet?

7 Q Now, do you have that exhibit -- your Exhibit 501?

8 A Yes.

9 Q Now, you told me, sir, that you based this Exhibit
10 501 on Teresa Hipple's spreadsheet that I did?

11 A No, I didn't tell you that. I said that I did the
12 spreadsheet myself.

13 Q Right. Right?

14 A Right.

15 Q And it's got the loan and you calculated the
16 interest and you carried it out?

17 A Right, correct.

18 Q Okay. Let's look at this. The first heading on
19 this -- on the first page is 6-30-99. You got \$88,000,
20 right?

21 A I loaned the \$88,000, correct, yes.

22 Q Okay. And so the second column, it's got 639, and
23 in the second column is the amount of the loan --

24 A Correct.

25 Q -- 88,000?

Mr. Hipple - Cross

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- 1 A Yes.
- 2 Q And the third column is the interest?
- 3 A Right, at ten -- yes.
- 4 Q All right. And you --
- 5 A No, that's not interest. Royalty at ten percent.
- 6 Q I'm sorry. Oh, on --
- 7 A Or no, this is the note.
- 8 Q On these promissory notes it's royalty?
- 9 A I'm sorry, you're talking about a different thing
- 10 here. I'm sorry. These are JC Consulting notes.
- 11 Q Correct, that's right.
- 12 A Okay. These are notes of JC Consulting.
- 13 Q Correct. And you've got interest in the third
- 14 column?
- 15 A That is correct.
- 16 Q Okay. Now let's look at the fourth column on the
- 17 Exhibit 132 we used. Do you see that "payments
- 18 received?"
- 19 A Who --
- 20 Q Do you see that?
- 21 A Who are you talking about? Teresa?
- 22 Q On this one.
- 23 A Yeah. What about it?
- 24 Q The payment received. Show me the payment received
- 25 on that invoice -- on that document.

Mr. Hipple - Cross

150

1 A There is no payment received. I never got paid
2 from JC.

3 Q So you -- it's your testimony then that you never
4 received a single payment from JCC Consulting?

5 A It is my testimony, and true testimony, and if you
6 look at all the documentations that you produced in
7 this report, point out one check that was paid to JC
8 Consulting.

9 THE COURT: I'm a little confused because 132
10 is Teresa Hipple's loans.

11 THE WITNESS: No, he's saying --

12 MR. BERKOWITZ: Your Honor, I was --

13 THE WITNESS: He's saying I didn't put none
14 in --

15 MR. BERKOWITZ: -- pointing out the fact that
16 Exhibit 105 does not include any payment. Now, Mr.
17 Hipple has just testified he didn't receive any
18 payments.

19 THE WITNESS: That's right.

20 MR. BERKOWITZ: Okay.

21 THE WITNESS: I am testifying that, yes.

22 THE COURT: Okay.

23 MR. BERKOWITZ: Okay.

24 THE COURT: All right.

25 BY MR. BERKOWITZ:

Mr. Hipple - Cross

151

1 Q Now, I'd like you to pick up --

2 A Now, I'm going to take that one step further.

3 Q No, you don't have a question.

4 A Let me go one step further. Let me answer the
5 question.

6 MR. BERKOWITZ: He doesn't have a question in
7 front of him, Your Honor.

8 THE WITNESS: I want to answer it.

9 THE COURT: All right. Go ahead, you can
10 answer it.

11 THE WITNESS: Okay. I did not receive any
12 payments, and if Mr. Berkowitz would go to his expert
13 report and point out out of all these years that he
14 went to 2006 and find one check paid to me, Clement
15 Hipple, for JC Consulting loans.

16 BY MR. BERKOWITZ:

17 Q Well, you told us, sir, didn't you, you didn't have
18 a bank account and everything that was paid to you came
19 to A&C, isn't that right?

20 A Well, it would still be here, a disbursement here.

21 Q It came to A&C --

22 A No, no?

23 Q -- isn't that what --

24 A You're not going to let me finish?

25 Q -- you told us?

Mr. Hipple - Cross

152

1 A All right. All right. That's your question? Is
2 that what I told you?

3 Q That's what you told us?

4 A Yes, I told you that.

5 Q Thank you.

6 A But, therefore --

7 THE WITNESS: Your Honor, can I finish the
8 question?

9 THE COURT: Go ahead.

10 THE WITNESS: Therefore, A&C would be on
11 here, okay?

12 BY MR. BERKOWITZ:

13 Q A&C would be on here where for payments?

14 A For royalties payment, yes.

15 Q Mr. Hipple, let's look at Mr. Geisser's Exhibit B,
16 and I'd like you to look down the left-hand column
17 where it says "expenses."

18 A Right, go ahead.

19 Q All right. And I would like you to tell me where
20 you see that Brian Hipple paid royalties.

21 A I don't see it anywhere.

22 Q Okay. So these 2009, 2010 royalty payments on your
23 document, on your tax returns, aren't really reflected
24 on Mr. Hipple's tax returns, are they?

25 A I believe they are reflected on his tax returns.

Mr. Hipple - Cross

153

1 Q Well, you don't see any royalty entry, do you?

2 A Let me put it this way.

3 Q Do you see a royalty entry, sir?

4 A Okay. I know --

5 Q Do you see a royalty entry?

6 A No, I don't see a royalty entry.

7 Q Okay. Now, you testified that it's ten percent,
8 your royalty, correct?

9 A It's my royalty -- now, let me finish, is ten
10 percent because I gave Brian a company that cost me
11 over \$3 million.

12 Q Well, I thought it was two, but that's okay. It's
13 a lot of money.

14 A Well, no, about the years that I operated. You
15 think we operated for nothing, I put nothing in?

16 Q Mr. Hipple, let's look down the 2010 column. Do
17 you see that?

18 A All right. I see it, yes.

19 Q On the -- and let's look at -- we're looking for
20 ten percents.

21 A Right.

22 Q And you see the percentages on the right?

23 A Right.

24 Q And you go down to -- through the expenses, about
25 seven expenses down.

Mr. Hipple - Cross

154

1 A Right.

2 Q Do you see the ten percent?

3 A No.

4 Q You don't see ten percent? I see one.

5 A I see one, yeah.

6 Q Do you see it there?

7 A Yeah.

8 Q Interest. You paid interest of ten percent. You
9 made him loans and there's interest payments here,
10 right?

11 A That's not interest payment.

12 Q Well, I'm sorry. Am I reading this incorrectly?

13 THE COURT: What number are you on again?
14 I'm sorry.

15 MR. BERKOWITZ: I'm on Mr. Geisser's exhibit,
16 which is 31.

17 THE COURT: Okay.

18 MR. BERKOWITZ: Exhibit B to that.

19 THE COURT: Thank you.

20 THE WITNESS: Showing an exhibit expenses,
21 okay?

22 BY MR. BERKOWITZ:

23 Q I am looking at Mr. Geisser's Exhibit B.

24 A Yeah, which is under --

25 Q And that --

Mr. Hipple - Cross

155

1 A Yeah.

2 Q And that is based on Brian Hipple's tax return for
3 SCIX, LLC, the Schedule C.

4 A Well, it says it's under -- I see it listed under
5 "shipping."

6 Q I'm looking at a ten percent entry and it's under
7 "interest." Do you see that?

8 A Yeah, but the category is under "shipping."

9 Q I'm sorry. I'm sorry. I'm looking at the category
10 that says "interest," right under "expenses." One,
11 two, three, four, five, sixth one down, "interest." Do
12 you see that?

13 A Slow down. Slow down. Slow down. Okay. Calm
14 down, all right? Go ahead. Let's start all over.
15 Where do you want me to go?

16 Q Do you see that? It says "interest."

17 A I don't see "interest," first of all. Where's the
18 interest?

19 Q Let's look at "expenses." Do you see that on
20 Exhibit B?

21 A I'm looking to the far left-hand corner of the
22 itemized categories. Is that where you're telling me
23 to look?

24 Q That's where I want you to look down.

25 A Okay. Take your time. Okay, I'm going down, down,

Mr. Hipple - Cross

156

1 down, down. I see "Expenses for business use, your
2 home." What --

3 Q Do you see where it says "interest?"

4 A "Interest?"

5 THE COURT: The first number is 28,422?

6 MR. BERKOWITZ: Correct.

7 THE COURT: 2006.

8 BY MR. BERKOWITZ:

9 Q And just walk that across.

10 A Oh, "interest." Yes, I see "interest."

11 Q Do you see that?

12 A Okay.

13 Q And that's the loans to you? There's no bank
14 interest. We have no bank records showing any
15 interest. You said you loaned the company all this
16 money. There's payments of interest reflected here.

17 A There's no payments of interest reflected there.

18 Q I'm going to have to --

19 MR. BERKOWITZ: Could -- Your Honor, can I
20 read it to him?

21 THE WITNESS: Oh, so these are probably more
22 payments of interest to Teresa, not me.

23 BY MR. BERKOWITZ:

24 Q Let's look at it.

25 A Okay, let's look at it.

Mr. Hipple - Cross

157

1 Q I'll -- and we can go through Teresa's payments if
2 you would like to show it's not --

3 A I would like to.

4 Q -- interest to her. Let's look at that.

5 A Okay.

6 Q This interest, right, look at 2010.

7 A Right.

8 Q There's a ten percent entry. That's what you say
9 is your royalty?

10 A That's not a ten percent entry. That's not --

11 Q That doesn't say ten percent --

12 A It does.

13 Q -- in the far column --

14 A But it's not --

15 Q -- under 2010?

16 A It's not ten percent of 868,000 if I --

17 Q It actually is of the adjusted gross sales.

18 A What are the adjusted gross sales?

19 Q You're right, it's rounded. I'm sorry. It is
20 not -- it says ten percent interest.

21 A It's a little bit more than rounded, okay?

22 Q Okay. Well, I don't have the program that does it.
23 It says ten percent right there, right?

24 A So what is your point?

25 MR. BERKOWITZ: Your Honor?

Mr. Hipple - Cross

158

1 BY MR. BERKOWITZ:

2 Q Now, in your exhibit, your D-105, you show -- I'm
3 sorry, D-501, D-105, I'm not sure --

4 THE COURT: 501.

5 THE WITNESS: 501.

6 MR. BERKOWITZ: -- which one it is now.

7 BY MR. BERKOWITZ:

8 Q You show no payments, correct?

9 A For JC Consulting and Leasing Corporation, that's
10 correct.

11 Q And you never received a payment for them?

12 A That is correct.

13 Q SCIX never made a payment for J --

14 A Never made one payment.

15 Q I'd like you to look at that Exhibit D-19D, which
16 was just admitted.

17 A D-19 where?

18 Q D-19D.

19 THE COURT: That's in the book I presume?

20 MR. BERKOWITZ: Yes, it's in the book.

21 THE COURT: D-19.

22 (Pause in proceedings.)

23 THE WITNESS: D-19. That's not what they
24 want.

25 (Pause in proceedings.)

Mr. Hipple - Cross

159

1 THE WITNESS: I don't have anything in D-19.

2 THE COURT: Yes. They're the ones that we
3 gave -- made copies for Mr. Berkowitz.

4 MR. BERKOWITZ: Yes.

5 (Pause in proceedings.)

6 THE COURT: Do you want to look at -- is it
7 B?

8 MR. BERKOWITZ: I'm looking at D-19 --

9 THE COURT: Yes.

10 MR. BERKOWITZ: -- D.

11 THE COURT: D, okay.

12 MR. BERKOWITZ: D-19D.

13 (Pause in proceedings.)

14 THE WITNESS: Go ahead.

15 BY MR. BERKOWITZ:

16 Q Do you see that?

17 A Yes.

18 Q Okay. Now, I'd like to get you to a page that on
19 the top says 5-1-2001. I don't know if they all say
20 that.

21 A 5-1 --

22 Q 5-1-2002.

23 A The date?

24 Q Yep.

25 A All right. I'm looking at a page that says "JC

Mr. Hipple - Cross

160

1 Consulting, Clem Hipple and Teresa's loans."

2 Q D-1D. That's D-1A.

3 (Pause in proceedings.)

4 Q Yes, we're on the right page now. It's dated --
5 the first date, the first entry on the top, do you see
6 that?

7 A Right.

8 Q 3-15-1999?

9 A Yes, I do.

10 Q Now, I'd like you to go down to -- you'll see a
11 number reference column, the second column.

12 A Correct.

13 Q And I'd like you to go down to 11-30. Do you see
14 that?

15 A It doesn't go to 11 --

16 Q Under the number reference column it goes to 11-30.

17 A Hold on. 11-30, JC Consulting.

18 Q JG Consultants.

19 A Accounts payable.

20 Q Do you see that entry, accounts payable?

21 A Okay.

22 Q Do you see that next to it \$2010.63?

23 A That is correct.

24 Q And then you see the next entry, 12-30 for 2010.

25 A Right.

Mr. Hipple - Cross

161

1 Q All right? Those are entries into accounts payable
2 to pay a bill, right?

3 A Hold on. Where's the -- oh, shoot.

4 (Pause in proceedings.)

5 A Well, they wouldn't have been there to pay for JC
6 because the interest was only due at 586 --

7 Q I'm just asking you to look at the document, sir.
8 You admitted this document.

9 A Yes.

10 Q And it shows accounts payable and it shows
11 payments --

12 A Yeah.

13 Q -- for 1-30, 12-30, 1-30-01, 12-28, 1-30 -- I'm
14 sorry, 3-30, 4-30, 5-30. Do you see that?

15 A Yeah.

16 Q Okay. And those were payments?

17 A That's correct.

18 Q Those are accounts payable?

19 A Right.

20 Q You told us two seconds ago -- you swore to us
21 several times you did not receive a single payment for
22 JC Consulting, and on your Exhibit D-105 or 501, it
23 doesn't show as receiving a single payment.

24 A Right.

25 Q Now, these start at 6-30-1999, correct?

Mr. Hipple - Cross

162

1 A That is correct.

2 Q And they don't show a single payment on it?

3 A And this starts at --

4 Q They don't show a single payment, sir, is that
5 correct?

6 A That is correct.

7 Q And this document, your Exhibit D-19D, shows
8 accounts payable checks issued to JC Consultant?

9 A Yes.

10 Q And you want us to accept D-501 as an accurate
11 record of the payments in interest for --

12 A Yes, I do, because --

13 Q -- JC Consultants?

14 A -- apparently these were made and I forgot that
15 they were made. And you got any other payments that
16 were made?

17 Q You forgot, I know. My foot slipped on the rock,
18 too. Now, I don't have all four pages of this Exhibit
19 501 or 105.

20 MR. BERKOWITZ: And I'm going to object to
21 its entry anyway, Your Honor, but if I could have the
22 fourth page to it, I'd like to -- because he discussed
23 the summary.

24 (Pause in proceedings.)

25 MR. BERKOWITZ: I'm sorry, Your Honor, this

Mr. Hipple - Cross

163

1 exhibit is gobbly-gook. I object to its use.

2 THE WITNESS: One other thing you --

3 MR. BERKOWITZ: It is incorrect, Your Honor.
4 He testified that it doesn't include any payments. It
5 does include payments in its other exhibits.

6 THE WITNESS: Your Honor, there's nowhere in
7 these documents that --

8 MR. BERKOWITZ: And this exhibit should not
9 be admitted into evidence.

10 THE WITNESS: All right, let him finish and
11 then I'll talk.

12 THE COURT: All right, go ahead, Mr. Hipple.
13 Go ahead.

14 THE WITNESS: There's nowhere in any of these
15 documents that he has here from 2006 on, okay -- all
16 right, maybe back in the beginning of time, 11 -- or
17 what? 15 years ago?

18 THE COURT: Well, the time period does
19 overlap with your Exhibit 501. In other words, these
20 payments --

21 THE WITNESS: Okay. All right.

22 THE COURT: It says May 25th, 2001, to
23 3-29-2002, there were payments made to JC Consulting.

24 THE WITNESS: That is correct.

25 THE COURT: And that's the same time period

Mr. Hipple - Cross

164

1 as your chart 501.

2 THE WITNESS: I see that, Your Honor. But,
3 again, I assumed that Brian never made any payments to
4 me because I never remember receiving payments in
5 reference to JC Consulting.

6 And, again, there's not one payment in all
7 these documents, in all these checks, going back to
8 2006. So if you would like, Your Honor, I will move
9 that document up to 2006 and go from there, from 1999
10 to 2006, and admit it because there's more important
11 other things on there than the JC Consulting loan,
12 okay? There's a lot more different things on there
13 that are more important.

14 THE COURT: All right. Look, I'll consider
15 501, but also, I'm going to consider D-19D, which
16 apparently shows that you didn't include all these
17 numbers.

18 THE WITNESS: I know, Your Honor.

19 THE COURT: So it casts doubt on the accuracy
20 and correctness of your exhibit.

21 THE WITNESS: Well, Your Honor, I did that
22 late at night. Again, I didn't have documentation --

23 THE COURT: All right, I'll admit 501, but
24 I'm also going to consider the testimony, your
25 testimony, and also the Exhibit D-19 and --

Mr. Hipple - Cross

165

1 THE WITNESS: Okay. Even if it's --

2 THE COURT: -- Mr. Berkowitz's argument that
3 it's inaccurate.

4 (Defendant's Exhibit 501, document, is
5 admitted into evidence.)

6 THE WITNESS: Even if you want to take it
7 just to 2006 and include the interest from 2006 because
8 we have document here, Your Honor, from --

9 THE COURT: You mean from 2006 onward you
10 mean?

11 THE WITNESS: Yeah, so do -- alls I'm asking,
12 Your Honor, place it in a 2006 forward. Take
13 everything out from 1999.

14 THE COURT: I'll consider it with everything
15 else.

16 THE WITNESS: Okay, thank you.

17 MR. BERKOWITZ: Your Honor, if you would look
18 at those -- Exhibit D-19.

19 THE COURT: Right.

20 MR. BERKOWITZ: These documents end at 2002.

21 THE COURT: Correct.

22 MR. BERKOWITZ: We have no idea what payments
23 might have been made after 2002 based on these.

24 THE WITNESS: Well, what's --

25 MR. BERKOWITZ: And we saw that the ones that

Mr. Hipple - Cross

166

1 we did have a record of payments received, they're not
2 reflected on the exhibit.

3 THE COURT: All right. Well, this doesn't go
4 to admissibility as much as it goes to the weight I
5 should give this document, okay?

6 THE WITNESS: Okay.

7 THE COURT: And you're making a good case
8 that I shouldn't give it a lot of weight. But whether
9 it's admissible or not, I think it's admissible.

10 MR. BERKOWITZ: Okay.

11 THE COURT: I made my ruling. But I
12 completely understand your argument.

13 BY MR. BERKOWITZ:

14 Q Now, Mr. Hipple, if you look at Plaintiff's Exhibit
15 6.

16 A Okay. P-6?

17 (Pause in proceedings.)

18 A P-6. P-6.

19 Q It's the white binder.

20 A Yeah, I got it. Let me get some stuff moved out of
21 the way here, okay?

22 (Pause in proceedings.)

23 THE WITNESS: Your Honor, should we go back
24 to the royalty issue before he continues?

25 MR. BERKOWITZ: Your Honor, I'm asking him --

Mr. Hipple - Cross

167

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THE COURT: No, he has -- you got to ask --
you got to follow his directions right now while he's
questioning you. You can always go back to something
later. So we want to go to P-6 you said?

MR. BERKOWITZ: P-6.

THE WITNESS: Yes.

MR. BERKOWITZ: Briefly, Your Honor.

BY MR. BERKOWITZ:

Q See P-6?

A Yep.

Q Do you see it up -- in the upper, left-hand corner
where it says "Teresa, Clem, JC?"

A That is correct.

Q And you recall there's no JC from your account,
correct?

A Excuse me?

Q There is no document similar to P-6 or P-9 for JC
Consulting?

A No.

Q Now, Mr. Hipple, you testified about when you buy a
business, you look at a business to buy.

A Yes.

Q You look at the books and records, don't you, when
you're going to buy a business?

Mr. Hipple - Cross

168

1 A Yes.

2 Q Okay.

3 A Of course.

4 Q And in this litigation, nobody produced any books
5 and records, right?

6 A I wasn't talking about that.

7 Q I'm not asking you what you talked about. You told
8 me you looked at the books and records and we didn't
9 have any books and records, did we?

10 A I don't know what was produced.

11 Q Okay. Well, you got all sorts of exhibits. I'll
12 represent to you there are very few books and records
13 produced. You heard Mr. Geisser testify to that,
14 didn't you?

15 A Yes, (inaudible).

16 Q Now, you talked about the formula.

17 A That's right.

18 Q Now, the formula, you said D-90 -- I'm sorry, let
19 me -- D-20 --

20 A (Inaudible).

21 Q That's the patent for the Steel Seal product,
22 right?

23 A Not -- oh, D-20.

24 Q D-20.

25 (Pause in proceedings.)

Mr. Hipple - Cross

169

1 A Yes, you're correct, the patent.

2 Q And that's the -- that's the patent for the Steel
3 Seal?

4 A Yes, and --

5 Q It mentioned that it shows ranges of components,
6 right?

7 A That's correct.

8 Q And you know they do that so somebody can't just
9 use the patent and duplicate the formula?

10 A I think that's what I said, yes.

11 Q Well, that's not what you said. You said that only
12 you owned the formula, right?

13 A No, I said the --

14 Q You said.

15 A I'll have to verify.

16 Q You said -- I wrote this down -- SCIX never had the
17 formula. You had the formula and you put it in your
18 company, Steel -- Scientific Chemical, Inc., right?

19 A That is correct, yes.

20 Q So you took the patented formula of SCIX and you
21 put it in another company, right?

22 A Let me know when you're done.

23 Q You put it in another company? That's a question.
24 Right?

25 A No, that's incorrect.

Mr. Hipple - Cross

170

1 Q You didn't put it in Scientific Chemical?

2 A That's --

3 Q I thought you told us you put the formula in
4 Scientific Chemical?

5 A Okay. Slow --

6 THE WITNESS: Can you slow him down?

7 BY MR. BERKOWITZ:

8 Q You can hear my question.

9 A I don't understand your question. Now ask me one
10 question at a time.

11 Q I'll ask you the questions --

12 A Okay.

13 Q -- the way I want to ask you the questions, Mr.
14 Hipple.

15 THE COURT: Repeat the -- repeat the
16 question. Let's -- everybody calm down.

17 THE WITNESS: One question.

18 BY MR. BERKOWITZ:

19 Q You testified that you took the formula because you
20 knew the micro details of the formula and it wasn't in
21 the patent that was owned by SCIX --

22 A That in inc --

23 Q -- and you put it in Scientific Chemical, Inc.?

24 THE COURT: Answer.

25 THE WITNESS: That is incorrect.

Mr. Hipple - Cross

171

1 THE COURT: Why is it incorrect?

2 THE WITNESS: Because the patent formula, the
3 actual formula, I didn't take. It was -- my testimony
4 was that Robert Barks, after I paid him, gave me the
5 actual ingredients.

6 I took those actual ingredients before SCIX
7 even started to produce chemical, and took it to
8 Colonial Chemical under a confidentiality agreement
9 before SCIX even sold a bottle.

10 BY MR. BERKOWITZ:

11 Q So the patent --

12 A Ask your --

13 Q The patent that SCIX owned doesn't pertain to the
14 product, Steel Seal?

15 A Of course it does.

16 Q Okay. And that's the formula for Steel Seal that's
17 patented?

18 A No, it isn't. That's --

19 Q That's not what the patent is?

20 A Well --

21 Q That's your testimony?

22 A My testimony is that the patent is the patent for
23 the chemical formula, but it has ranges. What don't
24 you understand about the part of ranges?

25 Q The patent that's recorded in the patent office

Mr. Hipple - Cross

172

1 shows ranges, but the product that you patented was
2 Steel Seal?

3 A In 1999 --

4 Q The product that you patented was Steel Seal?

5 THE COURT: You have to answer that. Was
6 that yes or no?

7 THE WITNESS: The product that I patent,
8 yes --

9 BY MR. BERKOWITZ:

10 Q Thank you.

11 A -- was Steel Seal.

12 Q And you took that formula that's covered by the
13 SCIX patent and you stripped the formula out and put it
14 in your Scientific Chemical Company, right?

15 A No, incorrect.

16 Q I'm sorry. Let's look at --

17 A Can I answer the question?

18 Q No, you answered it. Now I'm going to ask you to
19 go look at that --

20 A No, I mean I have further answer --

21 Q -- Exhibit 37.

22 MR. BERKOWITZ: Your Honor --

23 THE WITNESS: Wait a minute.

24 MR. BERKOWITZ: -- I'm cross-examining the
25 witness.

Mr. Hipple - Cross

173

1 THE WITNESS: Don't I have to (indiscernible)
2 answer to the question?

3 THE COURT: Wait a minute. Just please stop,
4 both of you. All right, so you said it's incorrect.

5 THE WITNESS: But I want to explain why it's
6 incorrect.

7 THE COURT: All right, tell us why it's
8 incorrect.

9 THE WITNESS: Okay. It's incorrect because I
10 received the actual formula in 1999, which I took to
11 Colonial Chemical, which you see under the
12 confidentiality agreement, okay. Steel Seal did not
13 start selling actual chemical until I don't know when,
14 the end of '99?

15 THE COURT: Go ahead.

16 THE WITNESS: So, therefore --

17 MR. BERKOWITZ: I'm listening.

18 THE WITNESS: -- the patent is just the
19 patent of what the attorneys drew up, okay? This is
20 the way an attorney draws up a patent. They don't give
21 you -- they don't -- they don't say it's two ounces of
22 sodium silicate and four ounces of potassium silicate.
23 Nobody knows that information but me.

24 BY MR. BERKOWITZ:

25 Q Mr. Hipple, I'm going to ask you to look at Exhibit

Mr. Hipple - Cross

174

1 D-20.

2 A What am I looking at?

3 Q That is the patent for the Steel --

4 A P or D?

5 Q D.

6 A D-20?

7 Q Yes.

8 A I am at D-20.

9 Q Okay. Let's look at the date the patent was filed.
10 Do you see that?

11 A Yeah, December 12, 2000.

12 Q No, let's go down where you see it says "inventors,
13 Robert Barks?"

14 A Right.

15 Q "Assignee, SCIX, LLC?"

16 A Correct.

17 Q And the date it's filed, January 8th, 1999?

18 A That is correct.

19 Q Now, I'd like you to turn to the confidentiality
20 agreement. It's in my Exhibit 37. I don't know which
21 defendant exhibit it is.

22 A Your exhibit 30 what?

23 THE COURT: 37.

24 BY MR. BERKOWITZ:

25 Q 37. It's in there with several other documents.

Mr. Hipple - Cross

175

1 Confidentiality agreement is D-13.

2 (Pause in proceedings.)

3 A What's the number at the -- okay.

4 Q 2-13, do you see that?

5 A Okay, March 29th, 2000 -- '99.

6 Q I want you to -- March 29th, 2000.

7 A I meant 1999.

8 Q Okay. So it was patented in January of 1999?

9 A No, it was submitted as a patent in January of
10 1999. It was submitted. That's the day it was --

11 Q Oh. It --

12 A -- filed.

13 Q The document said it was filed as a patent at that
14 time.

15 A Yeah, but the date of the patent was December 12th,
16 2000.

17 Q And so you submitted it to the patent office,
18 right?

19 A Well, I didn't submit it. The attorneys submitted
20 it.

21 Q The attorney submitted it?

22 A Right.

23 Q And then -- you submitted it in January for the
24 Steel Seal product. And then in Sep --

25 A Wait a minute. What do you mean January?

Mr. Hipple - Cross

176

1 Q And March 29th -- well, you just said the patent
2 was filed in January.

3 A Okay, the patent was filed on January 8th, 1999.

4 Q Okay.

5 A We're all in agreement there.

6 Q So now, on March 29th then you're telling us you
7 stripped the patented formula out from SCIX?

8 A No, the patent formula was never in the patent.
9 What part of that do you not understand?

10 MR. BERKOWITZ: I'm sorry, Your Honor. It's
11 been a long week and this is ridiculous.

12 THE COURT: Is your position that the owner
13 of the patent doesn't own the formula?

14 THE WITNESS: What's that?

15 THE COURT: Is your position that the owner
16 of the patent is not the owner of the formula?

17 THE WITNESS: Correct, that's my --

18 THE COURT: There's two different elements?

19 THE WITNESS: That's right.

20 THE COURT: So what --

21 THE WITNESS: The object was --

22 THE COURT: In your view, what is the value
23 of the patent?

24 THE WITNESS: The patent has no value. It's
25 been expired anyway. That's why (indiscernible).

Mr. Hipple - Cross

177

1 THE COURT: No, but you had one patent that's
2 active.

3 THE WITNESS: Yeah, but that's just a
4 procedure patent, Your Honor.

5 THE COURT: All right, but the ones -- the
6 patents prior to expiration, you're saying they were of
7 no value?

8 THE WITNESS: No, they didn't have no value
9 unless you knew the actual formula. SCIX never knew
10 it.

11 THE COURT: Okay.

12 THE WITNESS: It had no value. You can sell
13 a patent, Your Honor. What are you going to sell,
14 okay? Now let me talk for just a minute, okay?

15 MR. BERKOWITZ: Your Honor, there's no
16 question in front of him. I know we've been a little
17 flexible, but I'm trying to cross-examine the witness.

18 THE WITNESS: Well, I'm not finished my
19 answer yet.

20 MR. BERKOWITZ: You have finished your
21 answer, sir, and --

22 THE COURT: All right, why --

23 MR. BERKOWITZ: -- there's no question in
24 front of you.

25 THE COURT: Mr. Hipple, let him ask the next

Mr. Hipple - Cross

178

1 question.

2 THE WITNESS: Okay.

3 THE COURT: You answered my questions.

4 THE WITNESS: Okay.

5 BY MR. BERKOWITZ:

6 Q You also talked about the fact that you had the
7 website, correct? It was your website?

8 A Yes.

9 Q And that was owned in your Scientific Chemical
10 Company, Inc.?

11 A Correct.

12 Q Okay. And then what you did was you sold to Brian
13 Hipple, you assigned your interest to SCIX to him,
14 correct?

15 A That is correct.

16 Q And you retained your voting rights according to
17 the document you signed?

18 A That's incorrect.

19 Q Well, let's --

20 THE COURT: Well, I know that. According to
21 the document, it says it, but you've said that was a
22 mistake, right?

23 MR. BERKOWITZ: It --

24 THE COURT: Right, Mr. Hipple?

25 THE WITNESS: Right, exactly.

Mr. Hipple - Cross

179

1 THE COURT: Okay. We've been over that.

2 BY MR. BERKOWITZ:

3 Q And you testified you never saw any board meetings
4 or anything else with SCIX?

5 A Of course I testified to that, yes.

6 Q Correct?

7 A Yes.

8 Q Okay. Now, you said you own the website, you say
9 you own the formula, you transfer it to your son's
10 company, SCIX?

11 A No.

12 Q No, you transferred SCIX to your son, right?

13 A That is correct.

14 Q Okay. So now he has SCIX that doesn't have a
15 website and doesn't have a formula and he's selling
16 this product on the internet and getting money?

17 A That is correct.

18 Q Okay. And we saw many checks payable to A&C from
19 the money generated from the sale of Steel Seal, didn't
20 we?

21 A No, that --

22 Q We --

23 A Those checks were paid under a license agreement.

24 Q Yeah, they were a license agreement that we haven't
25 produced.

Mr. Hipple - Cross

180

1 MR. BERKOWITZ: Your Honor, it's not the --

2

3 THE WITNESS: It had nothing to do --

4 MR. BERKOWITZ: -- royalty this time.

5 THE WITNESS: Right.

6 BY MR. BERKOWITZ:

7 Q But there are a lot of checks in there payable to
8 A&C?

9 A Under the license agreement.

10 Q Yes, those are under the license agreement and the
11 others are the royalty. I understand that, Mr. Hipple.
12 So your son has a company that doesn't have a product
13 that it owns and doesn't have a website to sell, and
14 you come to him on October 5th, 2010, after Teresa
15 Hipple has garnished the bank account and you say to
16 him here, sign a \$210,000 note that you can't pay back
17 and I'm going to foreclose upon, correct?

18 A That's what I was advised to do, yes.

19 Q Okay. And so your son, who doesn't own a formula
20 and thinks he doesn't have a website, he signs the
21 note. And it's your testimony you had no control over
22 what he could do?

23 A Could you give me that early part of that sentence?
24 My son? Yes.

25 Q Brian Hipple, yes.

Mr. Hipple - Cross

181

1 A Yes. Okay.

2 Q You understand that.

3 A Because -- yeah.

4 Q Don't try and interfere with --

5 A And I'm his father.

6 Q -- my questions.

7 A You understand that, right, or was his father.

8 Q Now, so we have a company that you say you have
9 absolutely no control over. I never worked there, I
10 never did anything, even though the documents say that
11 I retained all my voting rights and I control the
12 formula that it sells and I control the website that it
13 sells. I'm not an insider to SCIX, but my son
14 basically gave me everything that the company owned,
15 correct?

16 A Okay. Are we -- are we done with the theatrical
17 part, okay?

18 MR. BERKOWITZ: I'm asking if that was --

19 THE WITNESS: Now, can you just --

20 MR. BERKOWITZ: -- correct, Your Honor.

21 THE COURT: Was it correct?

22 THE WITNESS: I don't know what you're
23 saying. I need you to repeat the question.

24 MR. BERKOWITZ: I'm sorry, Your Honor. I'm
25 asking questions that he can understand.

Mr. Hipple - Cross

182

1 THE COURT: All right. Just ask it again for
2 me --

3 MR. BERKOWITZ: He's interfering with this.

4 THE COURT: -- will you, please, help me out.
5 Just let's speed this up.

6 MR. BERKOWITZ: Sure.

7 THE WITNESS: Because I can't understand.

8 MR. BERKOWITZ: Sure.

9 THE WITNESS: What's the question?

10 BY MR. BERKOWITZ:

11 Q Mr. Hipple, I'll go slow. You own -- according to
12 you, SCIX, which held the patent, got nothing. It
13 didn't own the formula, right?

14 A That is correct.

15 Q It didn't own the formula, correct?

16 A They owned the patent with the formula that was in
17 the patent, yes.

18 Q But, not the real formula to produce Steel Seal?

19 A Because there's never a real formula --

20 Q That --

21 A -- in the patent.

22 Q Okay.

23 A Because anybody can go online and open up any
24 patent.

25 Q Just like if I were to get a copyright on a

Mr. Hipple - Cross

183

1 computer program, I don't have to put my computer
2 program in its entirety on the copyright --

3 A Oh, yes, you --

4 Q -- do I?

5 A Yes, you do because you're trying --

6 Q Oh, no, you --

7 A -- you're trying --

8 Q -- don't, sir.

9 A -- to use it.

10 THE COURT: All right, we're arguing with one
11 another.

12 MR. BERKOWITZ: Oh, no you don't.

13 THE COURT: We're arguing with one another.
14 Come on. Just ask the questions.

15 BY MR. BERKOWITZ:

16 Q Now, if you own the formula and you tell us you own
17 the website, and you also -- the documents show you
18 own --

19 A You're asking too many questions at one time.

20 THE COURT: No, he's not. He's not. Just
21 listen to him.

22 BY MR. BERKOWITZ:

23 Q And you had transferred to your son your ownership
24 in SCIX, with a document that says you still control
25 the voting rights, correct?

Mr. Hipple - Cross

184

1 A We've been over that 14 times, okay.

2 Q That's not my question. My question was --

3 A That's incorrect.

4 Q That's not correct?

5 A That's --

6 Q That is not correct?

7 A I never had voting rights. I never held any
8 meetings, okay. I've said that over and over. I
9 testified that under oath over and over. Ira Katz
10 (sic) the other day also testified to the fact that we
11 never held any meetings, okay, he never knew of me
12 having any voting rights.

13 (Pause in proceedings.)

14 Q Let's look at Plaintiff's Exhibit 17.

15 A I'll find it.

16 (Pause in proceedings.)

17 MR. BERKOWITZ: Your Honor, I hate to keep
18 going over this, but I can't get an answer.

19 THE WITNESS: I've given you an answer three
20 times.

21 MR. BERKOWITZ: Yeah, I know that. I'm
22 looking for a truthful answer, sir.

23 THE WITNESS: Yeah. No, you're looking for
24 your answer you -- what you want to hear.

25 THE COURT: Please don't argue. We're

Mr. Hipple - Cross

185

1 wasting a lot of time. Come on. Let's get this over
2 with. So look at the document. Your question, Mr.
3 Berkowitz, please?

4 BY MR. BERKOWITZ:

5 Q Let's look at the second paragraph of this 17. Do
6 you see that? It begins, "Notwithstanding"?

7 A Uh-huh.

8 Q "Notwithstanding anything herein to the contrary,
9 assignor," that's you, correct?

10 A Yes, assignor. I believe that's me.

11 Q And that's your -- that's your signature at the
12 bottom?

13 A Yes, I identify that signature.

14 Q -- "shall retain full voting rights with respect to
15 the membership interest with respect to all matters
16 relating to the affairs of the company in which the
17 company may cast votes pursuant to the operating
18 agreement of the company." Did I read that correctly?

19 A Yes, you did.

20 Q Thank you. So on October 5th, you come to your son
21 and you ask him to sign 100 -- a \$210,000 promissory
22 note, right?

23 A Yes.

24 Q All right. And in this promissory note, drafted I
25 think you said by was it Mr. Fogerty?

Mr. Hipple - Cross

186

1 A Yes.

2 Q Okay. And just turn to Exhibit 8.

3 (Pause in proceedings.)

4 Q And I would like you -- are you at Exhibit 8?

5 A Yes, I am.

6 Q I would like you to look at the second -- bottom of
7 the second paragraph.

8 A Which we just discussed earlier, yes. Go ahead.

9 Q Mr. Hipple, just let me ask my questions.

10 Do you see in parentheses, "(Creditor waiving
11 all previously accrued interest in connection with
12 monies loaned by creditor to debtor)"? Do you see
13 that?

14 A Yes, I do.

15 Q Did I read that correctly?

16 A Yes.

17 Q And it says "previously accrued," right?

18 A Previously, yes, it does.

19 Q Before?

20 A Before, yes.

21 Q Before this was signed, all the interest before is
22 waived?

23 A Yes.

24 Q Okay. And this was drafted by your attorney?

25 A That is correct.

Mr. Hipple - Cross

187

1 Q Okay.

2 A Can I answer the question now.

3 Q You just did.

4 THE COURT: No, you did. You answered it.

5 THE WITNESS: All right. I can give an
6 explanation?

7 THE COURT: Well, you'll have to wait until
8 after he's finished.

9 (Pause in proceedings.)

10 BY MR. BERKOWITZ:

11 Q You criticized Mr. Geisser's report a few minutes
12 ago. You said he stated that Teresa Hipple was owed
13 more than \$400,000, correct?

14 A Correct.

15 Q Do you recall that?

16 A Yes, I did to explain that people --

17 Q I don't need you to tell me --

18 A -- make mistakes.

19 Q -- why. Just tell --

20 THE COURT: All right.

21 MR. BERKOWITZ: Just answer the question.

22 THE COURT: Just -- okay. He's right. He's
23 right. You just have to answer it, and you have an
24 opportunity after he's finished to go over these points
25 again and give your point of view.

Mr. Hipple - Cross

188

1 THE WITNESS: Well, how am I going to
2 remember that?

3 THE COURT: Well, that's --

4 THE WITNESS: I have to write this down?
5 Okay.

6 THE COURT: You write it down. Write it
7 down.

8 THE WITNESS: Where are we at? We're working
9 on D-8? Hold on for a minute. Okay. Now, where are
10 we at now?

11 THE COURT: Well, he's talking about Mr.
12 Geisser's report.

13 THE WITNESS: What number is this Mr.
14 Geisser's report?

15 THE COURT: Well, it's 31.

16 MR. BERKOWITZ: I'm asking you a question.

17 THE COURT: Right.

18 BY MR. BERKOWITZ:

19 Q You testified criticizing him because he said Mr.
20 Concepcion was owed more than \$400,000. It wasn't that
21 long ago. I remember that testimony. Do you recall
22 that?

23 A I'm sorry. Could you repeat the question?

24 Q No. You heard the question, sir.

25 THE COURT: Mr. Geisser talked about how much

Mr. Hipple - Cross

189

1 Ms. Concepcion is owed.

2 THE WITNESS: Right.

3 THE COURT: You remember that.

4 THE WITNESS: In his report.

5 THE COURT: Okay. So go ahead.

6 THE WITNESS: Yes.

7 BY MR. BERKOWITZ:

8 Q And do you want to look at the date of the report?

9 I'll represent to you it's June 25th, 2013.

10 A Okay.

11 Q All right. Now, I'm going to show you January 2013

12 on this chart that's been admitted into evidence that

13 shows the debt that's owed to Ms. Concepcion. January

14 2013, \$430,059 -- let me do that again, \$430,059.75.

15 Do you see that?

16 (Pause in proceedings.)

17 A Yes.

18 Q Mr. Geisser's report is not wrong then, is it?

19 A Maybe I read it wrong. Let's see. "Loan more than

20 four" -- okay. All right, according to my first

21 amended complaint, Teresa --

22 MR. BERKOWITZ: Your Honor, that is --

23 there's no question now. He answered the question.

24 THE COURT: Well, I'm not sure he answered.

25 I'm not sure he did answer to tell you the truth.

Mr. Hipple - Cross

190

1 Maybe this -- what he's saying is not responsive, but
2 I'm not sure he actually answered it.

3 BY MR. BERKOWITZ:

4 Q Mr. Hipple, if you could look over here, this chart
5 that has been admitted into evidence, showed that
6 Teresa Hipple-Concepcion was owed about \$430,000 in
7 January of 2013 when Mr. Geisser's report was issued?
8 Do you see that?

9 A I see it.

10 Q That's all I'm asking you to look at.

11 THE COURT: That's what Mr. Geisser's -- and
12 it's consistent with Mr. -- what Mr. Geisser is saying.

13 THE WITNESS: His --

14 MR. BERKOWITZ: That's right.

15 THE WITNESS: His report was June 25th.

16 BY MR. BERKOWITZ:

17 Q Of 2013?

18 A Yes.

19 Q Okay, good. Let's go to June 2013. So in June of
20 2013, Ms. Concepcion was owed \$446,000? So he was
21 wrong. He only said 400,000. It was actually more.

22 A I assumed he was talking about the note.

23 Q I'd like you to look at --

24 A 11?

25 Q -- Plaintiff's Exhibit 11.

Mr. Hipple - Cross

191

1 A All right.

2 (Pause in proceedings.)

3 A Where we going?

4 Q Plaintiff's Exhibit 11.

5 A Okay.

6 (Pause in proceedings.)

7 A Go ahead.

8 Q Do you see that? And that, you testified, is the
9 UCC 1 prepared? It says right up at the top, "Kevin
10 Fogerty," your lawyer?

11 A That is correct.

12 Q And let's look at the next page.

13 A I didn't understand --

14 Q So your --

15 A -- this page last time.

16 Q So your lawyer put on the list of assets
17 "websites," right?

18 A I'm --

19 Q It's right there at the top, sir. Did I read that
20 right?

21 A I'm trying to find it because I -- you talked about
22 this last time and I didn't understand what we were
23 talking about.

24 Q Look at the first listing under "list of assets."
25 It says "website," correct?

Mr. Hipple - Cross

192

1 A Could you show me on this?

2 Q You're looking at the wrong exhibit. This is --
3 we've seen this book. I can't tell you why it's
4 missing. I'll show you in my book. We have used
5 this -- this is your Exhibit D-3.

6 A You asked me that last time. I didn't understand
7 it.

8 Q Let's look at your Defense Exhibit 3. Do you see
9 that, Mr. Hipple? Here's Defense Exhibit 3, yours,
10 right?

11 A Okay. This only has two pages.

12 Q Yeah, prepared by your attorney, right?

13 A Yes, of course.

14 Q And look at the assets. "Websites?"

15 A Right.

16 Q "Quickbooks?"

17 A Right.

18 Q So you got all the Quickbooks records from SCIX,
19 right?

20 A No, I never did.

21 Q Oh, so you got the Quickbooks, but you didn't get
22 the records that come with it?

23 A No, I didn't get the Quickbooks either.

24 Q You didn't get the Quickbooks? Well, we'll take a
25 look at the office equipment that you took and the

Mr. Hipple - Cross

193

1 computers and the like that you took. An 800 number,
2 right?

3 A Yes.

4 Q Okay. Computers and office furniture?

5 A Yes.

6 Q So the Quickbooks wasn't in the computer?

7 A I thought you meant the Quickbooks itself.

8 Q Mr. Hipple, you knew what I was talking about. You
9 didn't have to look at the source code, did you? It
10 was in the -- you see you got the computers, too?

11 A Yes, I got the computers, office furniture and
12 equipment that was all junk.

13 Q And now let's look at the Steel Seal logo.

14 A Right.

15 Q You got that, right?

16 A Well, it was mine, but yes, go ahead.

17 Q You got -- yes, I know, because your attorney put
18 it on here by mistake.

19 A Well --

20 Q Because everything was yours even though --

21 A -- what's the paperwork say?

22 Q -- even though you don't have a personal bank
23 account and everything flows from A&C and you got the
24 formula, you took it out of the patent and put it into
25 Scientific Chemicals. You also took the

Mr. Hipple - Cross

194

1 confidentiality agreement with Colonial Chemical,
2 right? You filed a security interest in that?

3 A What exhibit is the confidentiality agreement?

4 Q Just look at this exhibit, Mr. Hipple. It says
5 right here "Confidentiality agreement with Colonial
6 Chemical," right?

7 A This list of assets?

8 THE COURT: That's what it is attached to the
9 security agreement -- financing statement.

10 BY MR. BERKOWITZ:

11 Q UCC 1.

12 A Oh, look at UCC 1 now?

13 THE COURT: No, Exhibit A to Exhibit 3. He
14 wants to know whether you took the --

15 THE WITNESS: Exhibit A says --

16 THE COURT: -- confidentiality agreement with
17 Colonial Chemical.

18 THE WITNESS: Right. Okay, yes.

19 BY MR. BERKOWITZ:

20 Q And the formula?

21 A Yes.

22 Q Okay. The formula for Steel Seal?

23 A Yes.

24 Q Okay. You took that, too? That was on one of the
25 assets you secured that was owned by SCIX? That's what

Mr. Hipple - Cross

195

1 this is, right?

2 A No. Well, no.

3 Q That's not what this is?

4 A No.

5 Q So this is not a UCC 1 that lists the assets that
6 you placed a security interest in prepared by your
7 attorney? That's not what this is?

8 A It's what it says, but it's not what it is.

9 Q It's what it says, but it's not what it is. Okay.
10 And you took the Steel Seal inventory. You took
11 receivables, tape machines, bubble wrap, a car.
12 That's the stuff you were securing?

13 A Well, there seems to be a lot of other stuff --

14 Q Mr. Hipple, please just answer the question.
15 That's what -- this says what it says, right? We can
16 agree on that?

17 A We'll get back to this. Okay.

18 Q No, we won't. We're going to look at it right now.

19 A No.

20 Q This Exhibit A says what it says.

21 THE COURT: Well, I can -- it does say what
22 it says.

23 MR. BERKOWITZ: Thank you.

24 THE WITNESS: Yes, it says what it says.

25 THE COURT: In black and white.

Mr. Hipple - Cross

196

1 MR. BERKOWITZ: Thank you.

2 THE WITNESS: Right.

3 THE COURT: All right, so I'll take notice of
4 that.

5 THE WITNESS: Defendant --

6 BY MR. BERKOWITZ:

7 Q Now, let's look at Exhibit 18 again.

8 THE COURT: P-18?

9 MR. BERKOWITZ: P-18.

10 (Pause in proceedings.)

11 BY MR. BERKOWITZ:

12 Q Do you see that?

13 A Yes, sir.

14 Q Now let's look in the first paragraph. You recall
15 this letter? We looked at it before.

16 A Yes.

17 Q Okay. "My company, Complete Group, is now the
18 successor in interest to the confidentiality agreement
19 between SCIX, LLC, and Colonial Chemical on March 29,
20 1999, regarding the formula of the chemical sealer now
21 known as Steel Seal," right? You wrote that to Mr. --

22 A That is correct.

23 Q -- Berghof?

24 A Yes.

25 THE COURT: Wait, we're on 18?

Mr. Hipple - Cross

197

1 MR. BERKOWITZ: 18, yes, Your Honor.

2 THE COURT: Oh, I'm sorry.

3 MR. BERKOWITZ: There are two pages to 18.

4 THE COURT: I have D's book, I'm sorry. You
5 did say P. Yes, I remember these documents. Yes, I'm
6 with you. Go ahead.

7 MR. BERKOWITZ: Okay.

8 BY MR. BERKOWITZ:

9 Q You got a lot of -- Complete Group got all this
10 stuff from SCIX, right?

11 A That is correct.

12 Q Okay. And SCIX had to get it somewhere that
13 Complete Group could get it from SCIX. So, SCIX had
14 the formula and it had the confidentiality agreement.
15 That's what this says, isn't it?

16 A Yes, that's what it says.

17 Q Okay.

18 (Pause in proceedings.)

19 Q And the next letter from Brian Hipple says the same
20 thing?

21 A I don't know about a next letter from Brian Hipple.

22 Q The next -- go ahead. Well, you can take your time
23 and read it.

24 A Well, I don't --

25 Q I'll read it.

Mr. Hipple - Cross

198

1 A I object.

2 Q Just let me read this.

3 A I object --

4 Q "Clement Hipple" --

5 A -- to that and I --

6 Q -- "has acquired" --

7 THE COURT: I'll overrule the objection. Let
8 him read it.

9 BY MR. BERKOWITZ:

10 Q "Clement Hipple has acquired all of the assets of
11 SCIX, LLC, including all of the Steel Seal then
12 completed and any future orders. Clement Hipple's
13 company, Complete Group, is the successor in interest
14 of the confidentiality agreement executed between SCIX,
15 LLC, and Colonial Chemical on March 29, 1999, regarding
16 the formula of a chemical sealer now known as Steel
17 Seal." I read that correctly?

18 A Yes.

19 Q Okay. Now, do you have the confidentiality
20 agreement with you?

21 A No, what page?

22 Q There's many pages.

23 (Pause in proceedings.)

24 A I believe it's in the back, 37?

25 (Pause in proceedings.)

Mr. Hipple - Cross

199

1 A Well, I would like our confidentiality agreement
2 and my agreement because it has (inaudible).

3 Q Sure. You take the one in your book.

4 (Pause in proceedings.)

5 THE COURT: It's D-13.

6 BY MR. BERKOWITZ:

7 Q D-13. Let's look at D-13.

8 A This book is all messed up. Go ahead.

9 (Pause in proceedings.)

10 Q D-13, this is your exhibit, sir. Let's go to the
11 second page of D-13. That's the confidentiality
12 agreement. Do you see that?

13 A Yes, I do.

14 Q Now, it's got the word -- let's read that top line.
15 It's between Colonial Chemical Company, CCC, right, and
16 Scientific Chemical, Inc.?

17 A Correct.

18 Q Correct?

19 A Yes.

20 Q No S?

21 A We've been over this, yes.

22 Q All right. There's no S?

23 A Five times, yes.

24 Q Okay, good. And in parentheses, "(SCIX)?"

25 A Correct.

Mr. Hipple - Cross

200

1 Q Okay. And in your letters now -- well, that's the
2 agreement, the SCIX agreement, that went from SCIX to
3 you to Complete Group, right?

4 A Yes.

5 (Pause in proceedings.)

6 Q Let's go to Exhibit -- Plaintiff's Exhibit 51.

7 (Pause in proceedings.)

8 THE COURT: P-51?

9 MR. BERKOWITZ: P-51, Your Honor.

10 (Pause in proceedings.)

11 BY MR. BERKOWITZ:

12 Q P-51.

13 (Pause in proceedings.)

14 Q Do you see that? That's your complaint? See that
15 that's the Complete Group complaint they filed against
16 Steel Seal Pro? Do you see that?

17 A This is the first time I'm seeing this complaint.

18 Q No, it's not, Mr. Hipple. You verified it. Now, I
19 would like you to turn --

20 A Well, I mean I --

21 Q I would like you to turn to page three --

22 A Okay.

23 Q -- under "factual background." It should be the
24 fourth page, I'm sorry, in this exhibit.

25 A Okay. We went over this before?

Mr. Hipple - Cross

201

1 Q Mr. Hipple, look at paragraph three, please.

2 A Okay.

3 Q "Plaintiff is the owner of certain assets,
4 including, but not limited to, a chemical formulation
5 which is used to seal leaks in the engines of older
6 automobiles or end product," correct? That's what it
7 says?

8 A On 351. Okay, it says "Plaintiff," meaning Teresa,
9 right?

10 Q Mr. Hipple, it says "Plaintiff," and that's
11 Complete Group. This is your complaint that you
12 verified.

13 A Oh, okay. All right.

14 Q -- "is the owner of certain assets," I read that
15 correctly, didn't I?

16 A Yes, you did.

17 Q Okay. So they owned the formula, right, because
18 they got it from you, right? Then you conveyed it to
19 Steel Seal Pro because you transferred intellectual
20 property to them, and that's in your license agreement,
21 right?

22 A Not that I'm aware of.

23 Q Not that you're aware of. Okay, well, we'll make
24 you aware of it.

25 A Make me aware of it.

Mr. Hipple - Cross

202

1 Q Go to Plaintiff's Exhibit 14.

2 THE COURT: Is this the licensing agreement?

3 MR. BERKOWITZ: Yes.

4 THE COURT: It's actually attached to a copy
5 of this complaint.

6 MR. BERKOWITZ: Oh, okay.

7 THE COURT: Yes, you were just on 51. It's
8 attached.

9 MR. BERKOWITZ: Okay.

10 THE COURT: Because it makes reference to it
11 in the next paragraph. I don't want to steal your
12 thunder, but I'm just -- you know, it says here --
13 paragraph five of the complaint says, "The terms and
14 conditions of the contractual relationship were set
15 forth in certain license agreement by and between
16 plaintiff and defendant dated October 18th, 2010. A
17 copy of that license agreement is attached hereto as
18 Exhibit A." That's the same licensing agreement,
19 right?

20 MR. BERKOWITZ: Yes.

21 THE WITNESS: Yes.

22 THE COURT: Okay.

23 BY MR. BERKOWITZ:

24 Q And, in fact, Complete Group got from you
25 intellectual property, correct?

Mr. Hipple - Cross

203

1 A If that's what it says, yes.

2 Q Yeah. So it got intellectual property. Now, you
3 talked about before intellectual property is not stuff
4 you can pick up and put --

5 A Right, it's anything --

6 Q -- in your pocket, right?

7 A -- you can't pick up, right. I understand that.

8 Q And you testified before the -- Teresa -- do you
9 know how to execute on the judgment?

10 A I took ones to Doylestown, yes. I took them to the
11 prothonotary office.

12 Q Are you aware of the procedures involved in
13 executing on judgments?

14 A No, the only thing I ever done with a judgment is
15 recorded in a prothonotary office.

16 Q And you know that a sheriff can't go and pick up
17 intellectual property and levy on intellectual
18 property, right? You know that?

19 A Right, but it can pick up --

20 Q You know it can't collect and pick up and levy on
21 intellectual property, correct?

22 A That is correct.

23 Q Now, you said Teresa Hipple --

24 A Where we at? What number --

25 Q -- could have levied --

Mr. Hipple - Cross

204

1 A -- are you talking about?

2 Q Excuse me, Mr. Hipple, I'm asking you a question.

3 THE COURT: He's not on a document. He's
4 just asking you some questions.

5 THE WITNESS: Well, how am I going to rebut
6 it later.

7 BY MR. BERKOWITZ:

8 Q Mr. Hipple, you said Teresa Hipple --

9 THE WITNESS: I object because I don't
10 understand it. I'm sorry.

11 MR. BERKOWITZ: Your Honor --

12 THE COURT: No, let him ask the question.
13 You have to answer the question. You can make a note.
14 It's not about a document. He's asking you a question.
15 So he's not referring to a document. He's asking you a
16 question.

17 THE WITNESS: All right. What is the
18 question?

19 THE COURT: Make a mental note of this
20 question. Go ahead.

21 THE WITNESS: Well, I can't spell the note,
22 but go ahead.

23 BY MR. BERKOWITZ:

24 Q You said that Teresa Hipple could have executed on
25 her judgment before you took all the assets of SCIX.

Mr. Hipple - Cross

205

1 Do you recall that?

2 A No, that's not exactly what I said. I said Teresa
3 Hipple could have levied -- sent the sheriff out and
4 picked up the Steel Seal and the products, yes, I said
5 that.

6 Q Could have picked up the Steel Seal and the
7 product?

8 A Right. Yes, that's what I said.

9 Q Okay. But he couldn't have picked up the logo?

10 A No, I don't think so.

11 Q And he couldn't have picked up the intellectual
12 property that you got?

13 A Right. Wait a minute.

14 Q And he couldn't pick up the patent --

15 A Okay.

16 Q -- because it took me a long time to get the
17 patent?

18 A Okay, here we go. Hold on. Let me see if I can do
19 this. Logo, Teresa --

20 (Pause in proceedings.)

21 A -- intellectual -- no idea -- properties.

22 (Pause in proceedings.)

23 Q Mr. Hipple, I'm now going to ask you to look at
24 Exhibit 130.

25 (Pause in proceedings.)

Mr. Hipple - Cross

206

1 Q Did you have a chance to look at Exhibit 130?

2 A No, hold on a second.

3 Q Well, Mr. Hipple, please look at Exhibit 130.

4 A I'm looking at it right now, yes.

5 Q Okay. Now let's look at the second page. You
6 talked about the fact that Teresa Hipple could have
7 picked up the inventory, the Steel Seal inventory,
8 right?

9 A Yes, that is correct.

10 Q Okay. Now let's look at the second page of "the
11 physical assets I have taken." You're the "I,"
12 correct?

13 A Yes, I'm the "I."

14 Q All right. Now let's look at that, the number of
15 cases from Colonial Chemical. Would you read those to
16 me?

17 A Yes, Colonial Chemical, 353 cases.

18 Q You picked up 353 cases at Colonial Chemical,
19 right?

20 A No, that's incorrect.

21 Q What does it say?

22 A I said --

23 Q It says, "Picked up from Colonial Chemical 353
24 cases," right?

25 A Right.

Mr. Hipple - Cross

207

1 Q Colonial Chemical is in New Jersey, right?

2 A That's correct.

3 Q And the Bucks County sheriff can't go levy on
4 assets, we don't even know where they are, right?

5 A You don't know where Colonial Chemical is?

6 Q So the Bucks County sheriff can't go to New Jersey
7 and levy on assets and we don't know they are there, do
8 we?

9 A I don't know what you know.

10 Q Okay. Let's look at Plaintiff's Exhibit 24.

11 (Pause in proceedings.)

12 MR. BERKOWITZ: Your Honor, I would like to
13 -- I only have one copy. I would like to read this as
14 P-205.

15 THE WITNESS: Can I see that, please?

16 THE COURT: He'll make a copy for you.

17 THE WITNESS: Where do you want me to go?

18 THE COURT: We'll make a copy. P-205?

19 MR. BERKOWITZ: Asked and delivered,
20 Plaintiff's Exhibit 24.

21 (Pause in proceedings.)

22 BY MR. BERKOWITZ:

23 Q Do you see that?

24 THE WITNESS: I object to this document.

25 BY MR. BERKOWITZ:

Mr. Hipple - Cross

208

1 Q Do you see the document?

2 THE WITNESS: I object to it.

3 BY MR. BERKOWITZ:

4 Q Do you see the document?

5 THE COURT: You have to at least identify it.
6 Do you see it?

7 THE WITNESS: I see it. I see it. I object.

8 MR. BERKOWITZ: It's been admitted into
9 evidence, Your Honor.

10 THE WITNESS: But, again, it's SCIX --

11 BY MR. BERKOWITZ:

12 Q Do you see this?

13 THE WITNESS: It's SCIX. I object. It has
14 nothing to do with me.

15 BY MR. BERKOWITZ:

16 Q Okay. Now --

17 THE COURT: Wait a minute. P-24, right?

18 THE WITNESS: Yes.

19 MR. BERKOWITZ: P-24.

20 THE COURT: Okay.

21 BY MR. BERKOWITZ:

22 Q Do you know what this is? I'll tell you what it
23 says. It's "Interrogatories in aid of execution
24 pursuant to PARCP --

25 THE WITNESS: I object to the document.

Mr. Hipple - Cross

209

1 BY MR. BERKOWITZ:

2 Q -- 3117A.

3 THE COURT: It's been admitted into evidence
4 so you --

5 THE WITNESS: But, again, it's not -- it's a
6 SCIX document.

7 MR. BERKOWITZ: Yes, because we're trying
8 to --

9 THE WITNESS: I'm not SCIX.

10 MR. BERKOWITZ: -- execute on a judgment
11 against SCIX.

12 THE COURT: Well, you have to answer the
13 question. So he just said do you see the document?
14 You see it, right?

15 THE WITNESS: I said yes to that.

16 THE COURT: It's been admitted into evidence,
17 so he's going to ask you some questions about it.

18 THE WITNESS: Okay.

19 BY MR. BERKOWITZ:

20 Q Do you know what this is?

21 A No.

22 Q I'm going to tell you this is a pretty standard
23 document in Pennsylvania to collect on judgments. You
24 asked the debtor, SCIX, tell me where your assets are
25 so I can execute on them.

Mr. Hipple - Cross

210

1 THE WITNESS: This is my document?

2 THE COURT: No.

3 MR. BERKOWITZ: This is my document.

4 THE COURT: Well, it's a document that was
5 submitted to SCIX, so I think the testimony is that
6 Brian Hipple filled out the answers.

7 MR. BERKOWITZ: Correct.

8 THE COURT: Right.

9 MR. BERKOWITZ: And I am going to the letter,
10 is my October 6th letter sending to Brian Hipple these
11 documents, the transmittal with the interrogatories
12 attached.

13 THE COURT: Okay.

14 MR. BERKOWITZ: Now --

15 THE COURT: I think his -- I think Monica,
16 his common law --

17 MR. BERKOWITZ: She's copying that, yeah.

18 THE COURT: -- wife, identified this writing
19 as his.

20 MR. BERKOWITZ: As his, yes.

21 THE COURT: Right.

22 MR. BERKOWITZ: And I just want to show that
23 it was sent to Brian Hipple as soon as the bank
24 answered the interrogatories and attachment.

25 THE COURT: Okay.

Mr. Hipple - Cross

211

1 BY MR. BERKOWITZ:

2 Q Now, you criticized Ms. Hipple, you said she could
3 have levied on the assets. You would agree with me she
4 can't levy on the assets when she doesn't know where
5 they are?

6 A I guess the question is did she try to levy on
7 them.

8 Q No, that's not the question. You got to answer my
9 question.

10 A Okay.

11 THE COURT: She doesn't know where --

12 MR. BERKOWITZ: Don't --

13 THE WITNESS: And that's in reference to this
14 paragraph here, right?

15 BY MR. BERKOWITZ:

16 Q You got to answer my question, sir.

17 A I know. Well, I'm going to ask you a question.

18 Q No, you're not. You're going to answer my
19 question.

20 THE COURT: Wait. Please.

21 THE WITNESS: Well --

22 THE COURT: I'm going to tell you what to do,
23 and here's what you got to do.

24 THE WITNESS: P-24?

25 THE COURT: Wait. He's asking --

Mr. Hipple - Cross

212

1 THE WITNESS: He's still on P-24.

2 THE COURT: If Ms. Hipple didn't know where
3 the assets were or if there were any assets, the
4 question is could she have executed? That's the
5 question. Yes or no?

6 THE WITNESS: All right, the question is Ms.
7 Hipple --

8 (Pause in proceedings.)

9 THE WITNESS: Okay.

10 THE COURT: Your answer?

11 THE WITNESS: I'm assuming --

12 THE COURT: Your answer?

13 THE WITNESS: -- Ms. Hipple did not know
14 where the assets were.

15 THE COURT: Right. That's your assumption.
16 Your answer is? She wouldn't have been able to
17 execute, right, because she wouldn't have known --

18 THE WITNESS: I would assume -- yeah, right,
19 she did not know where they are.

20 THE COURT: All right.

21 BY MR. BERKOWITZ:

22 Q Right. So she couldn't execute on them, right?

23 A Yeah.

24 Q She couldn't execute on the assets until she knows
25 where they are, correct?

Mr. Hipple - Cross

213

1 A Well, you --

2 THE COURT: He agrees with that.

3 MR. BERKOWITZ: I --

4 THE WITNESS: I agree with that.

5 BY MR. BERKOWITZ:

6 Q Now, Mr. Hipple, on October 5th, you got a
7 promissory note from SCIX, correct?

8 A What --

9 Q You don't have to look at it. You got a promissory
10 note from SCIX? Do you remember that, for \$210,000?

11 A Hold on. Hold on.

12 Q The one we've been talking about since Monday.

13 A Well, let me get the tab.

14 (Pause in proceedings.)

15 A Do you know the tab offhand? Let's assume that I
16 have an attorney here, okay? My attorney would wait to
17 show me the tab, okay?

18 MR. BERKOWITZ: Your Honor, Mr. Hipple
19 voluntarily and knowingly waived the right to an
20 attorney, and if he had an attorney, we wouldn't be
21 going through this nonsense, as you know.

22 THE WITNESS: Okay. What tab?

23 MR. BERKOWITZ: He waived it and he ought to
24 have to deal with the fact that he waived it, and he
25 doesn't --

Mr. Hipple - Cross

214

1 THE COURT: All right.

2 MR. BERKOWITZ: -- have the requisite
3 background sometimes.

4 THE COURT: Yes. Do you know the number of
5 the promissory note?

6 MR. BERKOWITZ: The promissory note is P-8.

7 THE COURT: Look at P-8.

8 THE WITNESS: Judgment note.

9 (Pause in proceedings.)

10 THE WITNESS: I -- mine says judgment note.

11 BY MR. BERKOWITZ:

12 Q And that's fine. It's the judgment note for
13 \$210,000, the one we've been talking about since
14 Monday, right?

15 A The one we just had a few minutes ago, yes.

16 THE COURT: And the date of that is October
17 5th, 2010.

18 MR. BERKOWITZ: Right.

19 THE COURT: That was the question, right?

20 MR. BERKOWITZ: Yes.

21 BY MR. BERKOWITZ:

22 Q It is the one where you waived all the interest,
23 and it says it's due when -- any monies -- you expend
24 or sustain or incur any fees in connection with or on
25 account of the loan. That's when it was due. We

Mr. Hipple - Cross

215

1 talked about that before, right?

2 A Yes.

3 Q Okay. And this was on October 5th, correct?

4 A That's the date on the letter, yeah.

5 Q And on the same date you got your security
6 interest. We've already seen that, where you secured
7 the website --

8 A What tab?

9 Q -- and the formula and everything, right?

10 A What tab?

11 Q I'm not talking about a tab, sir. I'm not asking
12 you to look at it.

13 A Well, I -- you asked three questions there.

14 Q I'm going to walk through all those questions.
15 Let's look at Exhibit 12.

16 THE COURT: P-12?

17 THE WITNESS: P-12?

18 BY MR. BERKOWITZ:

19 Q Yep.

20 A Okay.

21 Q All right?

22 A Yep.

23 Q You got it?

24 A I got it.

25 Q Three days after the note was issued you made a

Mr. Hipple - Cross

216

1 full demand for payment, right? That's what Exhibit 12
2 says?

3 A Yes, on the advice of my attorney, exactly.

4 Q I just asked you if that's what the document says,
5 Mr. Hipple.

6 A Yes.

7 Q That's what it says, right?

8 A Yes, that's what --

9 Q Okay.

10 A -- it says.

11 Q Now let's look at Exhibit 13.

12 A All right.

13 Q On October 13th, do you see that, you had taken all
14 the assets on October 13th? Everything.

15 A Let me read it, okay? You're just going too
16 quickly again for me. I will --

17 (Pause in proceedings.)

18 A Now, I'm going to slow you down if you don't mind,
19 Your Honor, because this is his way of confusing me,
20 okay?

21 Q All right.

22 THE COURT: Well, he's not abusing you. He's
23 just --

24 THE WITNESS: No.

25 THE COURT: -- asking questions.

Mr. Hipple - Cross

217

1 THE WITNESS: Confusing me.

2 THE COURT: But, if you need him to go slower
3 now, he will.

4 THE WITNESS: Confusing me.

5 THE COURT: All right, go ahead.

6 THE WITNESS: Okay.

7 (Pause in proceedings.)

8 THE WITNESS: Yes, it identifies some
9 sections of the code, and yes, it says I'm collecting
10 the assets.

11 BY MR. BERKOWITZ:

12 Q Took all the -- and your son at the bottom consents
13 to taking all the collateral, right. See that bottom
14 paragraph?

15 (Pause in proceedings.)

16 A Yes, he agrees.

17 Q All the collateral, right? All that stuff we saw
18 in the UCC 1?

19 A Yeah, I believe it's the UCC 1, yes.

20 Q Yeah. All the -- all those invoices. So on the
21 13th of October, you had everything, correct?

22 A Yeah. Yes, that would be correct according to this
23 letter, yes.

24 Q Okay. And then you entered the licensing
25 agreement, you did the purchase agreement. You sold

Mr. Hipple - Cross

218

1 everything you got from SCIX, everything, to Complete
2 Group?

3 A Correct.

4 Q Right?

5 A Yes.

6 Q And then Complete Group gave it all to Brian Hipple
7 to use, correct?

8 A No, he gave him a license agreement, correct.

9 Q But everything. All the intellectual property and
10 everything that was on Exhibit A?

11 A I believe so.

12 Q Yeah. It says right in the agreement that your
13 attorney wrote?

14 A Right.

15 Q Right?

16 A I believe so, that's correct.

17 Q Okay. So as of the license agreement, what we have
18 is if I'm correct, we have Steel Seal being sold to
19 Steel Seal Pro.

20 A That is correct.

21 Q Using all of the assets of SCIX?

22 A That is correct.

23 Q And Brian Hipple is selling it?

24 A The best person to sell it, yes.

25 Q Absolutely.

Mr. Hipple - Cross

219

1 A Right.

2 Q And Brian Hipple was the owner of SCIX, right?

3 A He was -- or he is the owner, yes.

4 Q Okay. He was the owner and he was the owner at the
5 time of his --

6 A Right.

7 Q -- demise. And it didn't appear on his inventory,
8 but he was the owner, right? There was no -- you
9 weren't aware of any change in the corporate status,
10 right?

11 A I don't know much about SCIX, right.

12 Q Okay. So now Steel Seal Pro is being sold by Brian
13 Hipple, right?

14 A Correct, yes.

15 Q And it's using all of SCIX's assets?

16 A Yes, that is correct.

17 Q Okay.

18 A I gave him that right.

19 Q That's right. So Steel Seal -- SCIX --

20 A Because he couldn't sell them if I didn't give him
21 that right.

22 Q SCIX could not conduct any more business, could it?

23 A No, it could not.

24 Q Because it didn't have anybody working for it,
25 right?

Mr. Hipple - Cross

220

1 A That is correct.

2 Q Because your son signed these notes and you took
3 all the assets, right?

4 A Yes, Teresa took the money, I took the assets.

5 Q You took all the assets. That's right. You took
6 them all?

7 A Every one.

8 Q Correct.

9 A Right.

10 Q And we saw that when SCIX was collecting the money
11 from the sale of Steel Seal, the money went into
12 Wachovia Bank, right?

13 A Yes, that is correct.

14 Q And that's how Teresa Hipple was able to garnish
15 money?

16 A That is correct.

17 Q She knew what the bank account was?

18 A The 50,000, yes.

19 Q Okay. So now we have Steel Seal Pro using all the
20 assets of SCIX, and you're getting money from Steel
21 Seal pro, right?

22 A That is correct, yes.

23 Q And Melissa Moreno is getting money from the sale
24 of Steel Seal through Steel Seal Pro?

25 A Well, what Melissa was getting I haven't --

Mr. Hipple - Cross

221

1 Q Melissa testified that she received checks from
2 Steel Seal Pro, didn't you hear that?

3 A I wasn't involved in the day-to-day operations. I
4 heard --

5 Q You were sitting here when --

6 A I heard her testify.

7 Q -- she testified.

8 A Yes.

9 Q Okay. Nobody questioned her testimony.

10 A Right.

11 Q And Brian received money from SCIX and Steel Seal
12 Pro?

13 A Might have received money from -- which time
14 period?

15 Q First, SCIX, and then he got it from Steel Seal
16 Pro?

17 A That is correct.

18 Q So Melissa, Brian, and you got it from it SCIX?
19 You got money from SCIX?

20 A That's correct.

21 Q You call it whatever kind of payment you want. You
22 got all the money?

23 A Right. That is correct.

24 Q And Steel Seal Pro got it. You still got all the
25 money --

Mr. Hipple - Cross

222

1 A Right.

2 Q -- and Brian got all the money and Teresa got all
3 the money, right? I'm sorry, not Teresa, Melissa?

4 A Yes, correct.

5 Q Okay. Okay. Now, you knew that Teresa could not
6 execute on the bank account of Steel Seal Pro, right?

7 A I didn't know that.

8 Q Oh, you didn't know that? You didn't know that her
9 judgment was against SCIX and she couldn't execute
10 against assets owned by --

11 A You'll --

12 Q -- a different company?

13 A You'll have to talk with Brian about that, sorry.

14 Q I'm not talking to Brian. I'm talking to you, sir.

15 A Okay. What's your question?

16 Q You didn't know then that Teresa could not execute
17 against a separate company?

18 A I don't know if she could have put a judgment
19 against that company.

20 Q You knew she didn't have a judgment against Steel
21 Seal Pro, didn't you?

22 A But I didn't know whether she could.

23 Q You didn't -- you knew she didn't have a judgment
24 against Steel Seal Pro?

25 A At that time, she did not, but there was nothing

Mr. Hipple - Cross

223

1 stopping her from putting a judgment I'm sure.

2 Q Yeah, that's why we're here today, sir.

3 A All right.

4 Q But too late. Everything's gone, right?

5 A Actually, everything is gone, yes.

6 Q You got all the money from Steel Seal Pro, right?

7 We went through the execution proceedings.

8 A Right, everything is gone.

9 Q And you picked up over \$240,000 from that?

10 A No, 100 -- okay, yeah, around 240.

11 Q You got a \$40,000 check.

12 A Right.

13 Q And you got \$197,000 at the completion of the
14 execution.

15 A That is correct.

16 Q That's pretty good.

17 A Yeah, that's pretty good.

18 Q As a matter of fact, it exceeds the \$210,000 note.

19 A But that's a different (indiscernible).

20 Q I -- it's -- right, \$240,000 is more than 210,000,
21 you'll agree with me, sir?

22 A It's from two different entities.

23 Q You'll agree with me, sir, that 240,000 exceeds
24 210,000?

25 THE COURT: I'll take notice. I --

Mr. Hipple - Cross

224

1 MR. BERKOWITZ: Thank you.

2 THE COURT: I'll take judicial notice --

3 MR. BERKOWITZ: Thank you, Your Honor.

4 THE COURT: -- that it is 30,000 more.

5 BY MR. BERKOWITZ:

6 Q Mr. Hipple, I'm going to show you a document that's
7 been marked for identification as Plaintiff's Exhibit
8 P-205 and I'm going to ask you to look at that
9 document.

10 A This is the new one?

11 (Pause in proceedings.)

12 A This is from what attorneys?

13 Q Do you see the addresses? Do you see it's to
14 who -- to who it is addressed?

15 (Pause in proceedings.)

16 A It's addressed to two addresses, yes.

17 Q Yes.

18 A 97 Pearl Drive, Southampton, PA, and 3761 Coles
19 Spring Road.

20 Q Okay.

21 A Yep.

22 Q It was sent to Brian Hipple and SCIX, right?

23 A I don't think -- I don't believe SCIX was at 97
24 Pearl Drive.

25 Q Okay. But Brian was at that address?

Mr. Hipple - Cross

225

1 A He was at 3761 Coles Spring Road.

2 Q Okay. Brian was at that address?

3 A That is correct.

4 Q Okay. And I'm going to tell you the mail didn't
5 come back. Can I have that back, sir?

6 A Well, can I see what it is?

7 Q Sure, absolutely.

8 A This mail came back to you?

9 THE COURT: You're just establishing when it
10 was sent to him?

11 MR. BERKOWITZ: Correct.

12 THE WITNESS: Okay.

13 BY MR. BERKOWITZ:

14 Q And you see what that is? Those are the
15 interrogatories in aid of execution.

16 A I never saw the document, but okay, whatever you
17 say the document is, I'm sure it is, but I never saw
18 it.

19 MR. BERKOWITZ: We move for the admission of
20 Plaintiff's Exhibit 205.

21 THE WITNESS: I object, Your Honor. I never
22 saw that document. It has nothing to do with me. This
23 law case is against me personally, and I object of any
24 document going in in reference to Brian Hipple.

25 THE COURT: Fine. I'll overrule the

Mr. Hipple - Cross

226

1 objection. I'll admit it.

2 THE WITNESS: All right.

3 (Plaintiff's Exhibit 205, document, is
4 admitted into evidence.)

5 BY MR. BERKOWITZ:

6 Q And Brian responded to that. Of course, I had a
7 right to them again, right? Do you recall I talked
8 about that in the time line?

9 A I --

10 Q He said I sent it again and that's when I got it
11 back --

12 A No, I don't recall.

13 Q -- in January, right?

14 A I don't recall the time line.

15 Q Well, I sent this out on the 6th and you had all
16 the assets by the 13th, right?

17 A I think that's correct, yes.

18 Q 13th of October, that's when you got them all?

19 A Right.

20 Q Now --

21 THE COURT: I believe he wrote back and said
22 he never received a copy.

23 MR. BERKOWITZ: Correct.

24 THE COURT: And he asked for another copy be
25 sent --

Mr. Hipple - Cross

227

1 MR. BERKOWITZ: Okay.

2 THE COURT: -- and I think Mr. Berkowitz sent
3 him another copy.

4 MR. BERKOWITZ: Yes. And he did respond to
5 it --

6 THE COURT: Right.

7 MR. BERKOWITZ: -- in January.

8 BY MR. BERKOWITZ:

9 Q Mr. Hipple, you saw Teresa Hipple went through this
10 process through the sheriff's office, right?

11 A Excuse me?

12 Q To execute on her garnishment, she had to use the
13 sheriff? Just like you did in Complete Group when
14 Complete Group sued Steel Seal Pro to get the money.

15 A Okay.

16 Q You know --

17 A Yeah.

18 Q -- \$240,000.

19 A You mean me personally, not Complete Group?

20 Q Complete Group was the plaintiff in that case.
21 That's who the money was issued to.

22 A Oh, okay. You're talking about the funds in the
23 bank?

24 Q Yeah.

25 A Yeah.

Mr. Hipple - Cross

228

1 Q You had to go through the sheriff's office?

2 A Yes.

3 Q And there's a lot of procedure you have to go
4 through?

5 A I don't know what procedure took place. I was -- I
6 was in Colombia.

7 Q Oh, you -- well, I'm going to tell you. There's a
8 lot of procedure you have to go through, just like what
9 we did to garnish the money in the bank.

10 Now, you, sir, took those assets by passing a
11 few sheets of paper between you and your son between
12 October 5th and October 13th, correct?

13 A I passed the papers that was given to me by my
14 attorney, yes, correct.

15 Q Between October 5th and October 13th?

16 A That is correct, yes.

17 Q Okay. So at that point, Teresa Hipple had nobody
18 to recover from, right?

19 A I don't know.

20 Q Okay. Well, you knew SCIX was out of business,
21 right?

22 A No, it wasn't out of business.

23 Q You knew SCIX was no longer selling Steel Seal?

24 A Yes, but it was not out of business.

25 Q Okay. So the corporation exists. It wasn't

Mr. Hipple - Cross

229

1 selling Steel Seal, right?

2 A Right.

3 Q And there was no more money going into the bank
4 account?

5 A That's -- I think that's correct.

6 Q Okay.

7 A I'm not sure about that --

8 Q Now --

9 A -- so I'm not going to answer it.

10 Q -- Mr. Hipple, you actually complained a bit that
11 after Steel Seal Pro was no longer in business, money
12 continued to pour in to the Steel Seal Pro bank
13 account, right?

14 A That is correct.

15 Q Okay. And it took you all the process to get that
16 money out? It took you from whenever you filed the
17 case in December until the end of March or February to
18 get the money, right?

19 A I know it was a long time period.

20 Q Yeah.

21 A That's all I remember.

22 Q It takes a long time.

23 A Right.

24 Q You switched the credit cards to stop them -- the
25 money from going into the Steel Seal Pro account,

Mr. Hipple - Cross

230

1 right?

2 A Eventually, I got somebody to put -- go put on the
3 application so that I could have a credit card
4 application, yes.

5 Q Yeah, with the Merchant Services?

6 A Yes.

7 Q Okay. And those are the -- those are the people
8 that process the credit cards?

9 A Right, yes. That was unacceptable to them.

10 Q And let's take a look at Exhibit 47.

11 (Pause in proceedings.)

12 A Now I see how this is done. My -- we take notes
13 and then I -- we rebut, right?

14 (Pause in proceedings.)

15 A Okay.

16 Q Your Exhibit 47, you testified that this was your
17 handwriting?

18 A That is correct.

19 Q Right. And Merchant Services, those are the people
20 that process the credit cards?

21 A That is correct.

22 Q And they process the credit cards for B.B.B.
23 Management Group?

24 A They do now, yes.

25 Q Yeah, because you switched it over from --

Mr. Hipple - Cross

231

1 A Complete Group.

2 Q -- Steel Seal Pro?

3 A No, I didn't switch it over from Steel Seal Pro.

4 Q Well, Steel Seal Pro was selling the Steel Seal,
5 right?

6 A But I didn't --

7 Q He had an exclusive --

8 A I had nothing --

9 Q -- license.

10 A I had nothing to do with Steel Seal Pro and
11 Merchant Services.

12 Q I understand that, sir. But you had something to
13 do with B.B.B. Management Group establishing an account
14 with Merchant Services because that's how the money
15 gets paid now, correct?

16 A Of course. Yes, I had something to do with that,
17 yes.

18 Q Okay. And these are your notes, right?

19 A Right.

20 Q And Mike Zedzick is a guy that works for Merchant
21 Services?

22 A I believe that's correct, yes.

23 Q Right? The people that process the credit cards?

24 A Uh-huh.

25 Q Okay. And you see there, by the way, there's --

Mr. Hipple - Cross

232

1 you got all sorts of steelsealpro.net, .com. Those are
2 some of the other websites, right?

3 A No, there's -- there were two websites,
4 steelsealpro and steelsealpro2.

5 Q Okay. And the B.B.B. Management Group now owns the
6 websites, right?

7 A I'm not certain if it automatically changed over.
8 I think it did. I'm not certain.

9 Q Nothing happens automatically, Mr. Hipple. You got
10 to make a change.

11 A Well --

12 Q You know that.

13 A No, I never made changes. The people that run the
14 operation make the changes.

15 Q The people that work for you?

16 A No, the people that I -- yeah, the other businesses
17 that I pay for their services, yes.

18 Q Okay.

19 A Okay.

20 Q And that's --

21 A They don't work directly for me.

22 Q Okay. So they, these other people that work for
23 you, these other businesses?

24 A Businesses, yes.

25 Q Okay. They do these applications for you?

Mr. Hipple - Cross

233

1 A I think they do them automatically, yes.

2 Q Well, when you say automatically, they don't go
3 automatically. You got to go online and do them,
4 right?

5 A Yes, but, again, I mean without me knowing, they
6 just follow the trail or whatever.

7 Q You give them the information, right? You got to
8 give them the information.

9 A When you set up the Merchant Services -- you're
10 talking about two different things, okay?

11 Q You go online and you provide information,
12 including Mr. Zedzick's name, and you have an
13 association number, and you got a guarantor and an
14 applicant, right?

15 A Yes, there is a guarantor and an applicant, yes.

16 Q And this was done for B.B.B. Management?

17 A Right, yes.

18 Q And who did it?

19 A Craig Hock.

20 Q Craig Hock did it. And did he do it at your
21 direction?

22 A No, he did it in his direction.

23 Q Okay. So did you help him and give him any
24 information?

25 A I'm not certain how that went, but the actual

Mr. Hipple - Cross

234

1 credit card processing company is under Craig Hock.

2 Q Okay, it's Craig Hock. So he did this for you?

3 A Yeah, because I didn't have any credit.

4 Q You didn't have any credit.

5 A I didn't have a bank account.

6 Q You didn't have a bank account.

7 A I didn't have any credit. I don't have any credit
8 cards. I don't own any property. So, basically, they
9 would not accept me. So he put it in his name. And as
10 of today, Your Honor, he's no longer employed with me,
11 but it's still in his name, you know, one of those
12 things we have a problem with.

13 Q So I want to make sure I understand. Mr. Hock is
14 responsible. He was, at the time, in around I guess it
15 would have been October of 2012 to do the B.B.B.
16 Management Group to get them onto the system?

17 A Well, no, I set up the corporation for B.B.B.
18 Management.

19 Q To the Merchant Services agreement?

20 A Yes, he handled the Merchant Service agreement.

21 Q And you didn't do any?

22 A No.

23 Q And he did them all?

24 A He did the one for B.B.B. Management Group, yes.
25 They put his name down.

Mr. Hipple - Cross

235

1 Q Did he -- did anybody else do any for you?

2 A Any what?

3 Q Any applications for Merchant Card Services.

4 A No, he was accepted by Merchant Card Services.

5 Q He -- okay. So he used his credit to establish it?

6 A Yes.

7 Q Okay.

8 A And he still on.

9 Q And he's --

10 A And he no longer works for me.

11 Q -- the only one who did it for you at that time?

12 A Pardon me?

13 Q He's the only one who did this for you at that
14 time?

15 A As far as the Merchant Services getting a credit
16 card approval, yes.

17 Q And going online and filling out all the forms and
18 stuff?

19 A No, I don't know how he did it, basically.

20 Q Okay. Well, let's --

21 MR. BERKOWITZ: We've seen this one before,
22 Your Honor, but let's look at Exhibit 36. This is the
23 application, and it's got Mr. Zedzick's name at the top
24 of it.

25 THE WITNESS: What, 36?

Mr. Hipple - Cross

236

1 BY MR. BERKOWITZ:

2 Q Plaintiff's Exhibit 36.

3 (Pause in proceedings.)

4 A There's nothing under 36. It was thrown out I
5 believe.

6 MR. BERKOWITZ: Your Honor --

7 THE COURT: It wasn't admitted.

8 MR. BERKOWITZ: It was not admitted.

9 THE COURT: Yes.

10 MR. BERKOWITZ: I want to look at it.

11 THE COURT: But you can show it to him again.

12 THE WITNESS: I object, Your Honor. It was
13 not admitted.

14 THE COURT: Well, maybe he's trying to admit
15 it again, I don't know. We'll see.

16 BY MR. BERKOWITZ:

17 Q Can I take your book from right here?

18 A Sure.

19 Q Unless you removed it.

20 THE COURT: Well, I don't think he has -- he
21 removed it I believe. You can look at my book if you
22 want.

23 MR. BERKOWITZ: No, here it is.

24 (Pause in proceedings.)

25 THE WITNESS: Okay.

Mr. Hipple - Cross

237

1 BY MR. BERKOWITZ:

2 Q I think you said you didn't do any of these.
3 somebody did them for you, right?

4 A I never saw this application. I explained that
5 earlier.

6 Q Right, okay. But just let's look down --

7 A I don't even think --

8 Q This is the Steel Seal --

9 A -- I was in the United States when --

10 Q This is the Steel Seal, LLC, right?

11 A Yes.

12 Q That's one of your companies?

13 A That is correct.

14 Q That's actually one of them that defaulted at the
15 beginning of the week?

16 A Yes, that is -- that is a company that never did
17 any business. It was a one-day business and that was
18 it.

19 Q Okay. And the contact name was Brian Hipple,
20 right?

21 A Where?

22 Q Under "contact name" under section one.

23 A Okay, yes.

24 Q Do you see that?

25 A Uh-huh.

Mr. Hipple - Cross

238

1 Q And let's go down to number 2, "W-9 taxpayer
2 identification number." Do you see that?

3 A Yes, I see it.

4 Q And that's number 75-3099885, right?

5 A Right.

6 Q Okay. And if you look at your Exhibit 47, that's
7 the federal ID number for Steel Seal, LLC, right?

8 A Yes, they match.

9 Q And you testified that nobody else would know that
10 information or have that information, right?

11 A I don't remember testifying that, but go ahead.

12 Q Well, that was my recollection.

13 A All right.

14 Q So you're saying somebody else might have that
15 information?

16 A Yes, somebody else might have had the information.

17 Q Okay. And who might that person be?

18 A Craig Hock.

19 Q Craig Hock might have had it, okay. So Craig Hock
20 might have put this information in?

21 A That is correct, he could have.

22 Q Okay. So would it be --

23 A It's a possibility. I don't know for sure.

24 Q Okay. And did Craig Hock have Brian Hipple's
25 social security number, too --

Mr. Hipple - Cross

239

1 A Yeah.

2 Q -- where we look at owners and officers?

3 A Yeah, he had all the information for Brian Hipple.

4 Q So Craig Hock had all this information. And then
5 we go to --

6 A Yes, Craig Hock had all this.

7 Q -- the signature page, four of four, right? Do you
8 see on the guarantors?

9 A Yep.

10 Q Do you see on the guarantors it's typed in, "Brian
11 Hipple?"

12 A Yes, I see it.

13 Q So I guess Craig Hock did that?

14 A Apparently. I'm not saying he did or I'm not
15 saying -- because I don't know for sure if he did or
16 not so --

17 Q Well, sir, to the best of your knowledge, has --

18 A To the best of my knowledge, I don't know if he did
19 or didn't.

20 Q Okay. So let me ask you this question. To the
21 best of your knowledge, who would have access to Brian
22 Hipple's social security number and Steel Seal, LLC's
23 EIN number? Every person you can think of with access
24 to both that piece of information.

25 A Well, I know Craig Hock had access to Brian's

Mr. Hipple - Cross

240

1 social security number, but I don't believe he had
2 access to my ID number.

3 Q Okay. So who had access to your ID number?

4 A It would have been me.

5 Q You. Anyone else?

6 A He may have had it, Craig Hock. I --

7 Q So Craig Hock may have had it?

8 A I may have given this piece of paper to Craig Hock,
9 okay?

10 Q Okay. You may have given this to Craig to
11 complete?

12 A To complete an application online.

13 Q Okay. Now let's go to the last page.

14 THE COURT: When you say that piece of paper,
15 that document --

16 THE WITNESS: The --

17 THE COURT: The handwritten document?

18 THE WITNESS: Yeah, I'm saying --

19 THE COURT: Which is -- what number is that?

20 THE WITNESS: -- that document 47, okay, has
21 information about -- just give me a second, all right?

22 THE COURT: All right.

23 THE WITNESS: He's always going too fast for
24 me. It says about Steel Seal, L --

25 THE COURT: All right.

Mr. Hipple - Cross

241

1 THE WITNESS: -- LLC, okay?

2 THE COURT: You --

3 THE WITNESS: What happened --

4 THE COURT: You prepared that in anticipation
5 for --

6 THE WITNESS: I prepared that --

7 THE COURT: -- this application?

8 THE WITNESS: -- because I was going to open
9 up Steel Seal, LLC.

10 THE COURT: All right.

11 THE WITNESS: And the confidentially I was
12 told what are you doing, that is under the lawsuit, why
13 would you open up Steel Seal, LLC? So it was open a
14 bank account with \$25 for one day. The information was
15 gathered, okay, and that's as far as it went.

16 THE COURT: And you --

17 THE WITNESS: Because I was told by
18 confidentiality that I should not use Steel Seal, LLC,
19 because it was under the lawsuit.

20 BY MR. BERKOWITZ:

21 Q Okay, that's fine.

22 A All right?

23 Q But who --

24 A But yet, this --

25 Q -- had access --

Mr. Hipple - Cross

242

1 A Yes, this information was --

2 THE COURT: You directed --

3 THE WITNESS: -- produced to Craig --

4 THE COURT: Excuse me.

5 THE WITNESS: -- Craig Hock.

6 THE COURT: You directed Craig Hock to
7 prepare it using the information on that piece of
8 paper? Is that what happened? You prepared a piece of
9 information in handwritten notes that you put down?

10 THE WITNESS: Yeah, this is information that
11 I had given --

12 THE COURT: Did you give that to --

13 THE WITNESS: -- to Craig Hock that he would
14 have needed to open up for Steel Seal.

15 THE COURT: All right. Okay.

16 BY MR. BERKOWITZ:

17 Q Okay. So Craig Hock did this then at your
18 direction?

19 A Yes.

20 Q Okay. And he didn't have the Steel Seal
21 information without getting it from you?

22 A No, he had -- he had the Steel Seal Pro
23 information, yes.

24 Q Steel Seal, LLC, that's whose on --

25 A No, I gave him --

Mr. Hipple - Cross

243

1 Q -- the top of this application.

2 A -- the Steel Seal, LLC.

3 Q You gave him the EIN number, correct?

4 A Yes. Yeah, because you needed that.

5 Q Okay.

6 A And I gave him the bank account number also.

7 Q Okay. That's right.

8 A Yeah.

9 Q So he wouldn't have that information by himself?

10 A Without me, right. That is correct.

11 Q So when we look at the last page here, the
12 signature page --

13 THE COURT: This is on 36 you mean, right?

14 MR. BERKOWITZ: 36.

15 BY MR. BERKOWITZ:

16 Q Under "merchant information," do you see -- do you
17 have the page where it's signed?

18 A Right.

19 Q Do you see that it says "signature of owner or
20 officer?" Do you see that?

21 A Yeah, I see it.

22 Q And it's typed in, right? It's handwritten -- no,
23 handwritten -- it's hand-typed in, right? You've seen
24 those forms.

25 A Yeah, I see it.

Mr. Hipple - Cross

244

1 Q We all fill them out now.

2 A No, I never seen this form. I explained that to
3 you --

4 Q No, no, no.

5 A -- in the beginning.

6 Q This was all done for you by Craig Hock?

7 A Well, no, I'm not certain if Craig Hock did this
8 form. I explained that to you earlier.

9 Q Well, you had the information pertaining to Steel
10 Seal, LLC.

11 A No, my information that I gave to Craig Hock, he
12 was supposed to put the credit card under his
13 application, okay?

14 Q He didn't get the information -- you mean so he was
15 lucky in filling in the Steel Seal EIN number? He
16 guessed that number?

17 A No, I --

18 Q He didn't get it from you?

19 A No. No, back up.

20 Q It just happens by coincidence --

21 A No, I told you --

22 Q -- to be on the front page of this exhibit?

23 A I gave him this information. I told you that,
24 okay?

25 Q Okay. So Craig Hock filled this in at your

Mr. Hipple - Cross

245

1 instructions?

2 A I gave him, yeah, the -- yeah.

3 Q Okay.

4 A Right.

5 Q Because nobody else had this information.

6 A Correct.

7 Q Okay. And we're on the page of the signature page
8 now. And the signature of the owner, which is the same
9 as on the front page is Brian Hipple?

10 A You're right.

11 Q Right?

12 A On the application that's who it says.

13 Q Yep.

14 A Yes.

15 Q And the date is 10-10-2012, right?

16 A That would have been after Brian's death, yes.

17 Q Right. So Brian didn't do this?

18 A No, without a doubt.

19 Q Absolutely.

20 MR. BERKOWITZ: Your Honor, I move for the
21 admission of Plaintiff's Exhibit 36.

22 THE WITNESS: No, I disagree. I've never saw
23 this document, okay? I have --

24 MR. BERKOWITZ: Your Honor, he just test --

25 THE WITNESS: -- no knowledge of this

Mr. Hipple - Cross

246

1 document.

2 THE COURT: All right, I'm going to admit the
3 document. I think there's sufficient foundation laid
4 that this document is authentic and it's a business
5 record of Steel Seal, LLC, so --

6 THE WITNESS: Okay.

7 THE COURT: -- I'll admit it. So that's 36.

8 (Plaintiff's Exhibit 36, document, is
9 admitted into evidence.)

10 (Pause in proceedings.)

11 THE COURT: I just want to interrupt you for
12 a minute. So it's 4:05. I'll stay to 6:00, but I have
13 to leave after 6:00, okay? So just for scheduling --

14 THE WITNESS: Yeah, we're right back in the
15 same situation. He takes up all the time.

16 THE COURT: Well, I'm not saying anyone's
17 taking up the time. It's just reality. So go ahead,
18 Mr. Berkowitz.

19 BY MR. BERKOWITZ:

20 Q Mr. Hipple, we looked at a document that you
21 prepared, and it was Exhibit -- admitted as one of your
22 exhibits, showing what you -- what you say the assets
23 were sold for.

24 A That's correct.

25 Q Right? You recall seeing that?

Mr. Hipple - Cross

247

1 A I don't remember. I remember the document, but I
2 don't remember the number.

3 (Pause in proceedings.)

4 A Do you have the number?

5 THE COURT: We need to take a break. Our
6 court reporter needs a break, okay?

7 MR. BERKOWITZ: I could use --

8 THE COURT: Oh, it's still working?

9 AUDIO OPERATOR: Yes.

10 THE COURT: Oh, okay, good.

11 (Pause in proceedings.)

12 MR. BERKOWITZ: I'm sorry, Your Honor.

13 (Pause in proceedings.)

14 BY MR. BERKOWITZ:

15 Q D-52.

16 A D or P?

17 Q D, as in David. Do you see that, D-52?

18 (Pause in proceedings.)

19 Q Do you see --

20 A I have it.

21 Q -- that, Mr. Hipple?

22 A Yep.

23 Q Now, this is what you said you sold all of the
24 assets that you took from SCIX, correct?

25 A This is -- this is what I said the revenue --

Mr. Hipple - Cross

248

1 Q All right. Just to be certain so that we
2 understand each other, you did not put a value on the
3 formula or the websites or the I'll call it
4 intellectual property, correct?

5 A Right, because I owned that personally.

6 Q Right. This is just the physical assets?

7 A Well, physical assets, right.

8 Q Okay.

9 (Pause in proceedings.)

10 A Are you looking now?

11 (Pause in proceedings.)

12 MR. BERKOWITZ: Your Honor, if I could have a
13 minute just to go through my notes?

14 THE COURT: Sure.

15 MR. BERKOWITZ: I think we've covered a lot,
16 but I -- it hasn't been as smooth as I might have
17 preferred.

18 (Pause in proceedings.)

19 MR. BERKOWITZ: We're making good progress,
20 Your Honor. I think I've covered a lot of it. I just
21 want to --

22 THE COURT: Okay.

23 MR. BERKOWITZ: I have a lot of notes.

24 THE COURT: It's okay.

25 (Pause in proceedings.)

Mr. Hipple - Cross

249

1 THE COURT: So, Mr. Hipple, while he is doing
2 that, if he finishes his what's called
3 cross-examination, then you have an opportunity to
4 present on redirect again further evidence in response
5 to what he asked. If you do that -- you're free to do
6 that, but if you do that, then he has a chance to
7 recross you on whatever you bring up now, okay?

8 THE WITNESS: Okay. And then it ends, huh?

9 THE COURT: Right.

10 THE WITNESS: Okay.

11 (Pause in proceedings.)

12 THE COURT: Let's just take a five-minute
13 break, all right, while you're doing that?

14 (Recess, from 4:13 p.m to 4:23 p.m)

15 MR. BERKOWITZ: I'm almost done. If I could,
16 so I don't forget, I Just would like to move the
17 admission, if I haven't, of Plaintiff's Exhibit 136,
18 which Mr. Pederson used. That was the accumulation of
19 the number of bottles of Steel Seal that were purchased
20 each year by --

21 THE COURT: Is that in the book?

22 MR. BERKOWITZ: -- Steel Seal Pro. Yes, it's
23 in Plaintiff's 136, and Mr. Pederson used that.

24 THE COURT: Well, is that something he
25 prepared?

Mr. Hipple - Cross

250

1 MR. BERKOWITZ: No, that was something that I
2 had prepared.

3 THE COURT: I thought that.

4 THE WITNESS: I object to it, Your Honor. It
5 has no expert witness. It's just a calculation made
6 and there's no supporting documentation to it.

7 MR. BERKOWITZ: Yes, it is. It's listed in
8 there, and it's actually supported by documents that
9 have already been admitted.

10 THE WITNESS: It's speculation, Your Honor.

11 THE COURT: You questioned him about this,
12 right?

13 MR. BERKOWITZ: Yes. I think it's actually
14 -- well, I think it's one of the --

15 THE WITNESS: I object on the fact that it
16 consists of documents that are in there that this
17 should not be used.

18 MR. BERKOWITZ: Right here, Your Honor, this
19 was (inaudible). I marked it P-04 (inaudible). What
20 he did was he multiplied out the number of bottles
21 purchased by the internet web price --

22 THE COURT: Right.

23 MR. BERKOWITZ: -- when he compared the
24 revenue that we were discussing whether we had records
25 of all the revenue.

Mr. Hipple - Cross

251

1 THE WITNESS: Your Honor, we had an objection
2 to it due to the fact that (inaudible) UK bottles --

3 THE COURT: Right.

4 THE WITNESS: -- or US bottles.

5 THE COURT: But this document 136 is not
6 really -- doesn't have the prices. This just is --

7 MR. BERKOWITZ: Correct, it's a --

8 THE COURT: -- a summary of the amount of
9 bottles that were --

10 MR. BERKOWITZ: Correct, that's in the other
11 exhibits.

12 THE COURT: -- that were purchased, right?

13 MR. BERKOWITZ: Correct.

14 THE COURT: Sold by Colonial?

15 MR. BERKOWITZ: Right, and he used it to do
16 that math.

17 THE COURT: Yes. Right. I don't have a
18 problem with this. It's just --

19 THE WITNESS: As long as we don't use the
20 math, I don't have a problem with it.

21 THE COURT: All right.

22 THE WITNESS: But, again, because these
23 orders --

24 THE COURT: This --

25 THE WITNESS: -- are to the UK and the United

Mr. Hipple - Cross

252

1 States.

2 THE COURT: Right. Okay. All right, I'll
3 admit it. Now, all he's --

4 THE WITNESS: Make note --

5 THE COURT: -- asking you to do is admit 136
6 and I'm going to admit it.

7 (Plaintiff's Exhibit 136, document, is
8 admitted into evidence.)

9 MR. BERKOWITZ: And 204. This is his
10 application.

11 THE WITNESS: But I do have an objection to
12 this because this is used in all Steel Seal 16-ounce US
13 bottles.

14 THE COURT: All right, I'll -- I'm not going
15 to admit that. It'll be in the record as testimony.
16 He talked about, it's going to -- I don't need the
17 chart.

18 MR. BERKOWITZ: Okay.

19 THE COURT: Okay. All right. So I'll admit
20 136.

21 MR. BERKOWITZ: Can I admit 203, my artwork,
22 Mr. --

23 THE WITNESS: Yeah, you can admit that.

24 MR. BERKOWITZ: -- Pederson --

25 THE COURT: All right, 203 is admitted.

Mr. Hipple - Cross

253

1 (Plaintiff's Exhibit 203, document, is
2 admitted into evidence.)

3 MR. BERKOWITZ: I'd like to have my artwork
4 preserved.

5 THE WITNESS: And I actually don't have a
6 copy. I don't need it. Never mind.

7 MR. BERKOWITZ: Of the house? I can try to
8 draw another one for you.

9 THE WITNESS: No, the first sheet there with
10 the numbers on it. Okay.

11 THE COURT: Well, we're not --

12 MR. BERKOWITZ: Now --

13 THE COURT: We're not admitting that anyway.

14 THE WITNESS: Oh, okay.

15 BY MR. BERKOWITZ:

16 Q Mr. Hipple, you showed us D-503, which was the
17 American Express record?

18 A Yes.

19 Q And I believe your testimony was that only ten to
20 15 percent of the American Express bills were personal
21 expenses?

22 A That was just a guess estimate without any facts.

23 Q Okay.

24 A All right.

25 Q All right. I'd like you to turn to, and I will get

Mr. Hipple - Cross

254

1 it for you, Plaintiff's Exhibit 91.

2 (Pause in proceedings.)

3 Q Mr. Hipple, if you would like to take a look
4 through that before I ask you any questions.

5 A Well, why don't you just give me the questions and
6 I'll look at the questions?

7 Q Sure. If you go to page three of 11.

8 A All right, three -- no, it's three of 15.

9 Q You are correct.

10 A All right, I'm at three of 15.

11 Q Three of 15. And let's look under the summary, new
12 charges summary.

13 A Right, correct.

14 Q Okay. And you see there are \$12,537 of charges for
15 you?

16 A Right.

17 Q Okay. And the total charges are 37,000?

18 A Yeah, these are the big ones that you usually pick
19 out, yes.

20 Q Yeah. Well --

21 A I mean --

22 Q Okay.

23 A -- this is not a whole summary.

24 Q You -- now let's -- I'll be glad to go through them
25 all if you would like, but I don't think the Judge

Mr. Hipple - Cross

255

1 would be too happy with that, and neither would my
2 wife.

3 A Well, I would appreciate it if you would have done
4 a summary of them all.

5 Q Let's see. So let's go through your charges.

6 A Okay.

7 Q I think you testified you didn't do any work for
8 Steel Seal Pro. Do I have that correct?

9 A Yes, you -- yeah, you have that correct.

10 Q Okay. So, these are charges that were paid by
11 Steel Seal Pro, right?

12 A This is Steel Seal Pro's?

13 Q Well, the date is 7-22-11.

14 A Where are you looking?

15 Q And I can show you the First National Bank
16 payments for these invoices.

17 A Oh, you agree that these were paid by the business?

18 Q Absolutely.

19 A Oh, you didn't the other day.

20 Q No, no, these were paid by the business.

21 A Oh, okay, fine, you finally agree to that.

22 Q Yeah.

23 A Okay, good.

24 Q Do you see that?

25 A I thought these were just Brian's -- all of Brian's

Mr. Hipple - Cross

256

1 charges?

2 Q Do you see that, "Brian online payment, \$42,240?"

3 A Yeah, I see that.

4 Q Okay. Now let's look at your charges. You would
5 agree with me that those \$12,000 of charges, let's see,
6 you got a beach vacation, rent in Pompano Beach,
7 Florida, for \$8,500?

8 A Yes. At that point in time, I took my brother, who
9 was dying, and my son rented me a vac --

10 Q Okay.

11 A Let me finish. He rented an apartment in Pompano
12 Beach for three months because my brother was dying.

13 Q Okay.

14 A And I took care of him for nine months until he
15 died.

16 Q Would you agree with me, sir, that all of the
17 charges that appear under your name are personal?

18 A During this time period, I would have to agree.
19 Enterprise Rent-a-car, yep, Shell Oil, hotels, oil,
20 Shell Oil, UPS maybe, LA Fitness is mine, Amazon, Best
21 Buy, Chevrolet, Best Buy, US Airway, Miami to
22 Philadelphia, US Airway to Phoenix, Arizona where my
23 brother lived, okay, Philadelphia to Miami. Yeah,
24 there's a lot of traveling going on here.

25 Q Yeah.

Mr. Hipple - Cross

257

1 A Yeah.

2 Q You would agree with me these are personal charges?

3 A Yeah, but the biggest charge here is the \$8,000 --

4 Q I agree with you.

5 A -- for the three months that -- when I was taking
6 care --

7 Q But it is a personal trip.

8 A When I picked him up in Arizona he was -- he was
9 half dead.

10 Q It's a personal charge?

11 A Right, it's a personal charge.

12 Q You'll agree with me?

13 A Yeah, I agree with you.

14 Q So this entire bill is personal charges for you.
15 Now let's go to Brian Hipple's charges.

16 A Okay.

17 Q All right?

18 A Uh-huh.

19 Q And let's start -- do you see that? That's on page
20 six of 15?

21 A Oh, six of 15?

22 Q Yeah. Do you see that it says under Brian Hipple?

23 A Hold on. Okay, go ahead, six of 15.

24 Q Do you see Brown Fields Trading --

25 A Right.

Mr. Hipple - Cross

258

1 Q Apparel --

2 A No idea.

3 Q -- and Accessories? Do you see that?

4 A I have no idea what that is.

5 Q Yeah, that's a personal expense, right?

6 A Well, if you say so.

7 Q Well, let's look at Ed's Cantina and Grill in --

8 A I don't want to make any decisions --

9 Q -- Colorado.

10 A -- on Brian or what Brian did.

11 Q That's fine.

12 A Okay? So I don't --

13 Q Let's look at that.

14 A -- want to be questioned on Brian or what Brian
15 did.

16 THE WITNESS: I object to the question of
17 what Brian --

18 MR. BERKOWITZ: That's fine.

19 THE WITNESS: -- or Brian did. These are
20 Brian's American Express charges.

21 THE COURT: Your objection is sustained.

22 BY MR. BERKOWITZ:

23 Q That's -- this entry is for Ed's Cantina and Grill
24 in Colorado, correct?

25 A Which one are you talking?

Mr. Hipple - Cross

259

1 Q 6-21-11.

2 A All right.

3 Q Let's look at the next entry, Doylestown Fitness,
4 correct?

5 A Well --

6 Q That says Doylestown Fitness?

7 A I kind of lost you there for just a minute. Okay,
8 give me the amounts. That will help better.

9 Q You want to do that amounts? 67.

10 A 67, okay, now I -- now I know what -- that's ABC
11 Financial. 6-22-11, ABC Financial for \$67. Let's
12 follow from there.

13 Q Yeah, look at the next line, Doylestown Fitness.

14 A No.

15 Q Do you see that?

16 A I must be on -- I'm on 6-15?

17 Q 6-22.

18 A No, page 615.

19 Q Six of 15, the date is 6-22. We're just going
20 right down the list.

21 A I'm looking down the list. 6-22, I see ABC
22 Financial and the US Post Office on my sheet.

23 Q You don't see under AB Fin -- ABC Financial,
24 Doylestown Fitness?

25 A No. You want to come take a look?

Mr. Hipple - Cross

260

1 Q Absolutely.

2 A Unless I'm missing something.

3 Q Right there.

4 A Oh.

5 Q Do you see that?

6 A I thought you were talking a separate charge.

7 Q Doylestown -- Doylestown Fitness.

8 A ABC Financial, Doylestown Fitness, correct.

9 Q Okay, let's go to the next page.

10 A Okay. We have UPS, UPS, Google.

11 Q No, no, no, we'll go to - we'll go to the next
12 page. I see --

13 A Well, I'm just telling you what's on the next page.

14 Q I see what's on there. You can certainly go back
15 to these and look at them. We got that Ed's Cantina
16 again, right?

17 A Hold on. 91. P-91.

18 Q Page seven of 15.

19 A What? Okay, I'm sorry, I got distracted here. Go
20 ahead.

21 Q Page seven of 15.

22 A That is correct.

23 Q 6-23-11, Ed's Cantina.

24 A Yes, go ahead.

25 Q Two down, AVA Colorado Raft?

Mr. Hipple - Cross

261

1 A Right. Yep.

2 Q Amusement recreation --

3 A Yep.

4 Q -- in Colorado?

5 A Uh-huh.

6 Q The next one, the Stanley Hotel --

7 A Uh-huh.

8 Q -- in Colorado?

9 A Right.

10 Q Two down, Smokin' Davy's BBQ?

11 A Yep.

12 Q B-B-Q?

13 A Right.

14 Q About five down, Washington Sports Bar? Do you see
15 that?

16 A Colorado.

17 Q Yeah.

18 A Apparently, Brian was on vacation in Colorado, yes.

19 Q Okay.

20 A During this month.

21 Q All right.

22 A Okay?

23 Q Okay.

24 A So he used his American Express, yes. I agree with
25 you, so you don't have to go any further.

Mr. Hipple - Cross

262

1 Q Okay. So there are --

2 A You're just taking up time.

3 Q So that there are a lot of personal charges in
4 this?

5 A Well, you're picking on one month, so --

6 Q There are a lot of personal charges, right?

7 A Yes.

8 Q You'll agree with me?

9 A Yeah, if you look at that month.

10 Q You look --

11 A Sure.

12 Q Okay.

13 A Yeah.

14 Q Now, you criticized Mr. Geisser's report for not --
15 for taking these as distributions, correct?

16 A No, I did not. I said that most of these charges
17 throughout this huge amount of American Express, and
18 when I went through the charges they matched up with
19 the same charges that are going on in 2015. So I
20 assume over an overall picture, not one month -- you're
21 focusing on one month, okay, which you always do, you
22 always pick the big month, okay?

23 Q I could pick --

24 A That's your job.

25 Q -- many months, Mr. Hipple.

Mr. Hipple - Cross

263

1 A That's your job.

2 Q I picked this one.

3 THE COURT: Come on. We're arguing. We are
4 wasting a lot of time here.

5 THE WITNESS: Okay. I said to you that over
6 the whole spectrum of all these American Express
7 charges that yes, Brian used it for his personal use.
8 That's not my problem, okay? Brian used it for his
9 personal use, okay?

10 BY MR. BERKOWITZ:

11 Q Right.

12 A But a majority of these charges were business
13 charges.

14 Q You --

15 A Okay?

16 Q You would agree with me, however, that Mr. Geisser,
17 when he did this report in 2000 -- in June 2013 I think
18 you told me --

19 A Go ahead.

20 Q -- he wouldn't have been able to look at your --
21 the latest American Express bill that you gave us?

22 A No, but he could have went online and checked out
23 the names on some of the larger amounts in here.

24 Q So he could see Google --

25 A But --

Mr. Hipple - Cross

264

1 Q -- and US postage?

2 A No, he could have went in anything that repeated
3 itself, like Google, US Post Office, Yahoo, and all
4 like that, repeated over and over and over again --

5 Q Right.

6 A -- throughout every report would be a flag to say
7 oh, wait a minute.

8 Q So --

9 A These don't look like personal charges.

10 Q So Mr. Geisser would know that with this credit
11 card in the name of Scientific Chemical --

12 A Right.

13 Q -- and no underlying record and no ability to
14 depose Brian Hipple --

15 A Right.

16 Q -- he would be able to tell us that these were
17 business expenses of first SCIX, then Steel Seal Pro?

18 A If he would have did a little research, yes, he
19 would have been able to do that, yes.

20 Q And would he be able to tell that it wasn't for
21 Brian' Muoy Thai business?

22 A Yes, he would have been able to tell that.

23 Q Okay. So, the Muoy Thai business wouldn't use
24 postage?

25 A No.

Mr. Hipple - Cross

265

1 Q And they don't use Google?

2 A By the way, Brian didn't have a Muoy Thai business.

3 He did the advertisement for the Muoy Thai business.

4 He didn't own the Muoy Thai business.

5 Q Okay.

6 A Okay?

7 Q He did the advertising for them?

8 A No, he promoted --

9 Q I thought you --

10 A -- so that that guy got more customers.

11 Q Right. Okay.

12 A Brian was good in that area.

13 Q Okay. Okay.

14 A He didn't own the Muoy Thai business.

15 Q But you would agree with me that without underlying
16 documentation, looking at this document alone, you
17 couldn't tell which business incurred the charge, SCIX,
18 Steel Seal Pro, Steel Seal?

19 A Well, what --

20 Q You just know it's a business-like charge, right?

21 A Well, it depends on what month it was will tell
22 what business the charges were for, okay?

23 Q So Mr. Geisser would look at this and look at the
24 month and know what business it's for?

25 A Yeah, because what business was running in 7-22-11?

Mr. Hipple - Cross

266

1 I think Steel Seal Pro, correct? The documents would
2 be Steel Seal Pro.

3 Q And so he would not -- he would be able to tell
4 that that's a Steel Seal Pro --

5 A Well, if he would take the time and gather the
6 information -- I mean you are doing an investigation,
7 right, basically?

8 Q Okay.

9 A Other than investigating the principals and do a
10 little investigation. I would have said okay, this is
11 Steel Seal Pro. Oh, this repeats over and over on each
12 statement, Google, US Post Office, Yahoo, Earth Skater,
13 you know, different things like.

14 Q Okay.

15 A Okay?

16 Q Okay.

17 A And, again --

18 Q So you're telling me that --

19 A -- that would -- that would throw some kind of
20 flags especially if all the numbers are the same.

21 Q So you're telling me that an expert with access to
22 this information could ferret out the specific expenses
23 of either SCIX or Steel Seal Pro?

24 A Yes, I would think an --

25 Q Okay.

Mr. Hipple - Cross

267

1 A -- expert could.

2 Q Okay. And as a matter of fact, your expert could
3 have? Mr. Pederson could have done that?

4 A Yes, that is true, but --

5 Q And he could have done it with your assistance,
6 couldn't he?

7 A If he had come to Colombia, yes.

8 Q Okay. He could have come to Mr. Hock. He could
9 have looked at the credit card bills. Let's see where
10 these credit card -- do you have that -- this comes
11 to -- let me see this address. It comes to Clement
12 Hipple at Scientific Chemical, 2417 Welsh Road,
13 Philadelphia, PA. That's where the bill goes?

14 A That's where this bill goes anyhow.

15 Q And it gets paid from there?

16 A No, it gets paid from Colombia.

17 Q Okay. But this is where the bill goes?

18 A Right. No, the bill don't go anywhere. It's
19 e-mailed to me.

20 Q It's e-mailed to you. Okay.

21 A I do everything electronic.

22 Q Okay. So your expert could have electronically
23 communicated with you and gone over each and every one
24 of these charges that we're looking at here and figured
25 out okay, Doylestown Fitness, personal expense? Then

Mr. Hipple - Cross

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1 he could have looked at Google --

2 A I think he --

3 Q -- and said business expense? He could have done
4 that?

5 A I think he stated the other day he wasn't engaged
6 to do that. He was engaged to rebut your expert
7 witness I believe.

8 Q So you could -- your testimony then is you couldn't
9 have engaged him to do his own valuation of the value
10 of the assets that were transferred?

11 A I never met him until yesterday, okay? So I didn't
12 engage him for anything. It was all done by our
13 attorneys.

14 Q So your attorneys -- your attorneys did no --

15 A Yeah, they could have, yes.

16 Q Yeah, and they --

17 A I can hold my --

18 Q They understand how --

19 A -- attorneys responsible for that, yes.

20 Q Okay. And they --

21 A But, again, as far as me getting involved in that
22 area, I --

23 Q But they didn't do it?

24 A They didn't do it.

25 Q Right?

Mr. Hipple - Cross

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1 A No.

2 Q Okay.

3 A Of course not.

4 Q They could have?

5 A Just like you didn't do certain things.

6 Q Right.

7 A Right.

8 Q Because --

9 A Exactly --

10 Q -- he could have done it.

11 A Yeah.

12 Q Can't do everything, right?

13 A Right, exactly.

14 THE COURT: We're wasting a lot of time here.

15 MR. BERKOWITZ: I'm --

16 THE COURT: These questions and answers are
17 stupid.

18 THE WITNESS: Yeah, that's what I think.

19 THE COURT: You know, you could do this and I
20 can't do this. Come on. Let's move on, will you? Do
21 you want to finish this by 6:00?

22 MR. BERKOWITZ: I'm -- Your Honor, I'm almost
23 done.

24 THE WITNESS: Well, I'm --

25 THE COURT: I don't care. We'll be back

Mr. Hipple - Cross

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1 another day. We'll be back and we'll finish this --

2 THE WITNESS: On Monday.

3 THE COURT: -- and then --

4 THE WITNESS: That's how I'm looking at it,
5 Your Honor, because, again, I have --

6 THE COURT: Well, he's on vacation, so we'll
7 have to talk about that.

8 MR. BERKOWITZ: Now --

9 THE WITNESS: All right.

10 MR. BERKOWITZ: This -- Your Honor, I'm
11 almost done.

12 THE COURT: All right.

13 THE WITNESS: Yeah, but you used up all the
14 time.

15 BY MR. BERKOWITZ:

16 Q Do you know whether Brian or Mr. Fogerty ever tried
17 to call me as the attorney who did the execution on the
18 judgment?

19 A No, not that I recall, never.

20 Q Okay. Do you know I represented SMS in Phoenix for
21 a long time?

22 A No, I did not know that.

23 Q And did you know that I can't think of one occasion
24 where they would not agree to a payment program when
25 somebody had a judgment. They would have agreed to a

Mr. Hipple - Cross

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1 program.

2 A Well, that's --

3 Q Do you know they could have called me?

4 A I guess the answer to that is Teresa should have
5 called Brian and explained the situation --

6 Q Yeah, I understand.

7 A -- if she wanted her money.

8 Q I hear what you're saying.

9 MR. BERKOWITZ: I have no further questions,
10 Your Honor.

11 THE COURT: All right.

12 THE WITNESS: Okay.

13 (Pause in proceedings.)

14 REDIRECT EXAMINATION

15 THE WITNESS: All right, I would like to
16 start. I'll have to show you this because we only have
17 one copy of this, okay?

18 (Pause in proceedings.)

19 MR. BERKOWITZ: Let me -- let me just clean
20 up some -- oh, I guess you're not standing. I can get
21 this out of your way.

22 (Pause in proceedings.)

23 MR. BERKOWITZ: Okay.

24 THE WITNESS: What I've done is I've taken
25 out all the years prior to 2006 of JC Consulting. I

Mr. Hipple - Redirect

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1 said nothing -- no interest was due to me, okay? And I
2 changed the numbers and --

3 MR. BERKOWITZ: I see that.

4 THE COURT: Do you want a copy of that?

5 THE WITNESS: No, I --

6 MR. BERKOWITZ: Yes, I would need a copy,
7 Your Honor.

8 THE COURT: All right, let's make a copy of
9 it.

10 MR. BERKOWITZ: That was the previous
11 exhibit. What was the number? I'm sorry, is that --

12 THE WITNESS: 501.

13 MR. BERKOWITZ: -- 501? I would just renew
14 my arguments and you make --

15 THE COURT: Right.

16 MR. BERKOWITZ: -- your decision with respect
17 to that.

18 THE WITNESS: Right.

19 THE COURT: Well, I admitted 501, but we also
20 understand your criticism of it.

21 THE WITNESS: Right, but when the document
22 comes I'll explain what I did.

23 THE COURT: All right, fine. Okay.

24 THE WITNESS: I'll wait until I get the copy.

25 THE COURT: I thought you had a copy of 501.

Mr. Hipple - Redirect

273

1 Is it redone or something?

2 MR. BERKOWITZ: It was -- it was --

3 THE WITNESS: Yeah, I recalculated it.

4 MR. BERKOWITZ: He just re-did it.

5 THE COURT: Oh, okay.

6 THE WITNESS: Okay.

7 (Pause in proceedings.)

8 THE WITNESS: One thing I didn't write down,
9 do you have the tab for my tax returns?

10 MR. BERKOWITZ: Yeah, I think --

11 THE WITNESS: I forgot to put that number.

12 MR. BERKOWITZ: 109? Is that it? I'm sorry,
13 I don't have them all memorized.

14 THE WITNESS: It's the only one I didn't put
15 down. The rest I put --

16 MR. BERKOWITZ: Although I know them better
17 than I --

18 THE WITNESS: You explained to me to start
19 writing the numbers passed that time period.

20 (Pause in proceedings.)

21 MR. BERKOWITZ: Thank you.

22 THE WITNESS: Is it 109?

23 MR. BERKOWITZ: I don't know.

24 THE WITNESS: All right. Let me look in the
25 front.

Mr. Hipple - Redirect

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1 MR. BERKOWITZ: That was off the top of my
2 head.

3 THE WITNESS: They're in your book, right?

4 MR. BERKOWITZ: Yes. No, they're not one of
5 mine.

6 THE WITNESS: While you're looking I --

7 MR. BERKOWITZ: 127 and 128.

8 THE WITNESS: Okay.

9 (Pause in proceedings.)

10 THE WITNESS: Your Honor, if I can bring your
11 attention to the last page of 501?

12 THE COURT: Okay. I'm going to make this
13 501A, right?

14 THE WITNESS: Okay.

15 THE COURT: Because you've changed it.

16 THE WITNESS: Right.

17 THE COURT: It's 501A. All right.

18 THE WITNESS: Okay. Let me just do that,
19 501A.

20 (Pause in proceedings.)

21 THE WITNESS: What I went in and did, Your
22 Honor, if you go down to where I talked about the five
23 years at 400,000 on the last page --

24 THE COURT: Right.

25 THE WITNESS: -- I crossed out the two

Mr. Hipple - Redirect

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1 million there, okay, and I only kept the exhibits that
2 he actually has in evidence, 2006, '7, '8, '9, and
3 '10 --

4 THE COURT: Right.

5 THE WITNESS: -- that show no royalty
6 payments, okay, and I reduced the amount, and I'm
7 pretty sure my math is -- my math is correct. I used
8 his 30-year-old calculator.

9 THE COURT: Okay.

10 THE WITNESS: Okay? And these would be the
11 new numbers, okay?

12 THE COURT: All right.

13 THE WITNESS: And all -- everything in here
14 is correct.

15 THE COURT: All right.

16 THE WITNESS: So I took all that out, okay?
17 So let me go P-127.

18 (Pause in proceedings.)

19 THE WITNESS: Okay. Back to P-127, Your
20 Honor, which he brought up in reference to the tax
21 returns where the tax returns did not match the actual
22 sales of ten percent. All right.

23 So, what had taken place is that there was so
24 much royalties owed that wasn't paid, but I can't prove
25 that right now, but the document from 2006 will prove

Mr. Hipple - Redirect

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1 it. And when Brian gave me over the amount of what was
2 on the sales, the sales figure, that and more was owed
3 to me.

4 So, these numbers that are on these tax
5 returns is still less than was actually owed to me over
6 the number of years, okay. According to his schedule,
7 or his expert schedule from 2006 on. We'll just
8 calculate from 2006 on. So as far as the over amount
9 not matching the actual sales amount, I was due more
10 than what I actually even received here.

11 (Pause in proceedings.)

12 THE WITNESS: Okay. I would like to go to D-
13 20, Your Honor, Exhibit D-20.

14 (Pause in proceedings.)

15 THE COURT: Go ahead. Go ahead.

16 THE WITNESS: You got it? Okay. Again,
17 we're talking about the patent, January 8th, 1999,
18 before the agreement with Colonial Chemical, and
19 patentized on December 12th, 2000, again, all right?.
20 How it works, and I'd like to explain in detail one
21 more time, if we turn to page -- well, let's just --
22 yeah, let's try that.

23 Let's go to page four of seven, and it's the
24 one, two, three, four, five, sixth paragraph down says,
25 "The silicate of the percentage compound are comprised

Mr. Hipple - Redirect

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1 of potassium silicate and sodium silicate. The
2 silicates are high grade silicates and may be mixed in
3 special" -- something or other.

4 "For example, sodium silicate may be present
5 in ten to 90 percent based on the total amount of the
6 silicate. More preferably, 50 to 80 percent based on
7 the total amounts of silicates. The balance of the
8 silicates being comprised of potassium silicate, the
9 total amount of silicates comprised of 40 to 50
10 percent."

11 So what they're basically doing is what I
12 talked about earlier, is this -- in order to get a
13 patent, naturally, you have to submit it, okay, with
14 some type of information on what is actually in the
15 patent, okay, and the ranges. You have to give a
16 range, okay?

17 And as I explained before, when I received
18 the actual formula, actual formula from Mr. Barks,
19 okay, the actual written formula, which I can't discuss
20 here because it's the same as Kentucky Fried Chicken,
21 okay, but when I received the actual formula I'm the
22 only one that received that, Your Honor.

23 Then I went to the attorneys to have them
24 patent, okay, and they made up the ranges that are in
25 this patent in order to get a patent to protect the

Mr. Hipple - Redirect

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1 actual formula, okay?

2 Then I took the actual formula, and I don't
3 remember the date or time, so it had to be after March
4 of 1999, okay? Actually, it still was prior to this
5 patent becoming effective, okay? But even -- it don't
6 matter because December 12th, 2000, I owned SCIX, so I
7 don't know where the problem is here, okay. I owned
8 it. If I wanted to keep the patent, the actual
9 formula, confidential, that was my discretion, not
10 Brian's, okay?

11 I owned it. Brian had nothing to do with it.
12 The patent was given on December 12th, 2000. So Brian
13 didn't own the patent, SCIX didn't own the patent,
14 okay? I owned it.

15 I owned SCIX at that time. He was trying to
16 come across well, I stole the patent and I did this and
17 that. Well, I actually owned the company. I didn't
18 turn the company over to Brian until 2001, okay,
19 January 1st, 2001. So I don't know where he was going
20 with this line of questioning and he never gave me an
21 opportunity to explain, but that is the explanation.

22 Brian did not own the patent. I owned SCIX,
23 okay? Therefore, it was my patent, it was my decision
24 what to do, it was my decision who to tell it to and
25 who to give it to.

Mr. Hipple - Redirect

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1 I never, ever actually gave it to Brian,
2 okay? I'm the only one that actually knows the secret
3 formula, okay? And when -- and when I received the
4 formula I owned the company. Brian didn't own the
5 company until 2001, Your Honor.

6 So, therefore, anything he had to do or say
7 in reference to the patent I totally disagree with,
8 okay, as far as stealing the patent from Brian or
9 keeping the information hidden from Brian because I
10 owned the patent during the time I gave it to Colonial
11 Chemical under the confidentiality agreement.

12 (Pause in proceedings.)

13 THE WITNESS: He can rebut that if he wants,
14 and then we'll go from there.

15 THE COURT: Well, he's pointed to some
16 documents that indicate that at one point, SCIX -- it
17 suggests that they were the owner of the secret formula
18 and the patent --

19 THE WITNESS: They were the owner --

20 THE COURT: -- and then you executed on that.
21 That's what his point is.

22 THE WITNESS: Well, they -- they were the --

23 THE COURT: You filed documents requesting
24 security in those assets, and you listed that as some
25 of the assets of SCIC --

Mr. Hipple - Redirect

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1 THE WITNESS: Well, basically, Your Honor --

2 THE COURT: -- SCIX.

3 THE WITNESS: -- you got to remember I owned
4 it. I owned SCIX. I gave it to Brian, okay? I turned
5 SCIX over to Brian, okay? Sure, when I turned SCIX
6 over to Brian, Brian was the owner of the patents,
7 okay?

8 But, I never turned the actual chemical
9 formula over to Brian because he didn't need it because
10 I allowed him still to use Colonial Chemical when I
11 turned it over to him, just the same as I allowed him
12 to use the website, the same as I allowed him to use
13 the Steel Seal name, and the logo, and the 800 number,
14 okay?

15 All right, I may have put information on
16 these forms that maybe is incorrect, but in 1999 or
17 2000, I owned the 800 number, I owned the website, I
18 owned the Steel Seal name, I owned the domain name, I
19 owned the patent, okay. I owned everything, all right.

20 So, basically, I don't know what the
21 situation is or what he's trying to go with as far as I
22 stole all the stuff from Brian or whatever because it
23 was on the UUC forms, intellectual properties. Okay.

24 You know, this was a time where things were
25 rushed and things were trying to get done, okay? And I

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1 didn't read every document. I relied on the attorney.
2 And, again, there's three -- there's three documents
3 out there, three exhibits, okay, Exhibit A, Exhibit A,
4 and then the UU -- UCC form that all are totally
5 different. Not deliberately, but they're just totally
6 different.

7 THE COURT: Okay.

8 (Pause in proceedings.)

9 THE WITNESS: There's no collusion, me
10 stealing something from Brian or SCIX.

11 (Pause in proceedings.)

12 THE WITNESS: He talked about the purchase
13 agreement, but I don't remember what he talked about,
14 but the purchase agreement speaks for itself on its
15 face.

16 I explained earlier in my testimony the
17 reason the date is 10-29 on the purchase agreement is I
18 waited until I got to Colombia for Emily Domices to
19 sign it, and I testified that in my earlier testimony.
20 So the document speaks for itself.

21 (Pause in proceedings.)

22 THE WITNESS: Okay, D-31.

23 (Pause in proceedings.)

24 THE WITNESS: Okay. This has to do with I
25 guess the recovery of the garnishment of the money that

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1 was in the bank. That belonged to Complete Group, or a
2 company that I owned. So I don't know what the
3 question or what it -- what it is, but let me reiterate
4 that this was a process by my attorneys, okay.

5 All right. He keeps talking about 240,000.
6 Yes, I received 240,000. I never denied that I did
7 receive that money, okay? And this money was basically
8 -- the money kept going into that account, by the way,
9 for I think two to three months, all right, until I was
10 able to get Craig Hock to get a credit card and get
11 everything up and running, all right.

12 So I don't understand where he was going with
13 that, but it's my statement that that money belonged to
14 Complete Group and I was entitled to it. And my
15 attorneys filed the documents for me in reference to
16 that, and everything was done legally. So there's
17 nothing to do with that part.

18 (Pause in proceedings.)

19 THE WITNESS: I'm just trying to get this on
20 the record. Okay, D-3 is the UCC filing, okay, and,
21 again, we're back to the same situation about
22 intellectual properties and properties and this don't
23 match and that don't match and everything don't match,
24 okay?

25 Kevin, basically, I sent him a sheet that I

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1 thought was the intellectual properties -- I mean the
2 assets and the -- okay, and then he drew up this. I
3 guess he had to protect in reference to the
4 intellectual property or he didn't know that I owned
5 the intellectual properties.

6 Again, I'm saying that I'm not sure whether I
7 communicated with my attorney correctly, which I know I
8 didn't with the promissory note. So, apparently, I
9 didn't do the proper communication with the UCC 1 form.
10 But at all times, I owned the rights to all the
11 intellectual properties.

12 (Pause in proceedings.)

13 THE WITNESS: Okay, Your Honor, next is P-18.
14 This is a letter that I wrote to Colonial Chemical
15 telling them that Complete Group, LLC, is now the
16 successor, okay, to the confidentiality agreement.

17 Now, the successor to the confidentiality
18 agreement, this letter would not do what it needs.
19 They would have to write a new confidentiality
20 agreement and have me sign it. So I am more than
21 likely going to withdraw this letter and keep SCI as it
22 is with the confidentiality agreement with Colonial
23 Chemical.

24 I'm going to request Colonial Chemical to
25 take this letter from their file after these

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1 proceedings because Scientific Chemical is the owner of
2 the confidentiality agreement, which I demonstrated
3 earlier by the facts that were sent to me -- or sent to
4 Scientific Chemical.

5 (Pause in proceedings.)

6 THE WITNESS: And that's where I'm going
7 right now, D-13. Okay, under his submission of D-13,
8 it did not have the fax cover sheet, okay, and the
9 information down talking about that they'll have the --
10 a bottle ready within one week.

11 But at the top of it, the company name is
12 Scientific Chemical. It is not SCIX. And, again, they
13 drafted this document. The original document was
14 drafted by them, okay, and not me, so I am not the
15 drafter of this document. And they have Scientific
16 Chemical and we had SCIX. At that point in time, I
17 believe it was incorporated.

18 So it had something to do -- my belief and my
19 understanding, okay, on thinking about 1999 was that we
20 would be ordering the chemical under SCIX because SCIX
21 was the one that was going to use the chemical, not
22 Scientific Chemical, Incorporated.

23 But the actual confidentiality agreement was
24 with Scientific Chemical, Incorporated, not SCIX. That
25 much I know for sure. I'm making a statement as far as

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1 that's concerned. The fax that is attached to it also
2 verifies the fact of who they were dealing with,
3 Scientific Chemical.

4 (Pause in proceedings.)

5 THE WITNESS: Okay, I'm at P-51. Switching
6 back again to P-51. And I'm not totally sure what the
7 document was, but I think he was going back to the
8 license agreement. I remember you directing him back
9 to the license agreement, or no, he talked about this
10 document, okay. And this document has something to do
11 with Mike Schaeffer receiving the money, is that
12 correct? I'm asking a question, I know. I know what
13 this document is.

14 (Pause in proceedings.)

15 THE COURT: Well, the point I think he was
16 trying to make is that the plaintiff in this lawsuit,
17 Complete Group, LLC, made an averment in paragraph
18 three that it is the owner of certain assets, including
19 the chemical formulation which is used to seal the
20 leaks in the engine.

21 THE WITNESS: Oh, okay.

22 THE COURT: And the suggestion I think is
23 that that contradicts what you're saying, that --

24 THE WITNESS: Right, yes.

25 THE COURT: -- you're the owner of it.

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1 THE WITNESS: And it definitely contradicts
2 what I'm saying, and I don't think that date of that
3 letter to -- what's the date of this document?

4 THE COURT: Well, this is a complaint. It's
5 not a letter. And this was filed by your attorneys,
6 Mr. Sullivan.

7 THE WITNESS: It doesn't get -- Sullivan?

8 THE COURT: And Mr. Chevelle.

9 THE WITNESS: Okay.

10 MR. BERKOWITZ: I believe the verification by
11 Mr. Hipple may be dated, but I'm not positive.

12 THE WITNESS: I don't know the date of this.

13 THE COURT: The verification is November
14 21st, 2012, where you verify the information is true
15 and correct. That's the last page of document -- or
16 excuse me, Exhibit 51.

17 THE WITNESS: Okay. And, again -- yes. I'm
18 sorry to say, Your Honor, but, again, I would get a fax
19 of the verification, they would basically explain to me
20 what it was, okay.

21 It says here, "Plaintiff, Complete Group,
22 LLC, verifies that the statement made in the foregoing
23 complaint are true and correct to the best of his
24 knowledge, information, and belief. I understand that
25 false statements here may be subject to penalty," okay?

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1 In some cases, and this is no excuse, all
2 right? I'm not trying to make it an excuse, they would
3 send me something like this and just the verification.
4 Because they were my attorneys, I assumed they knew
5 what they were doing and everything was correct. I
6 would sign it, scan it, and send it back to them. I
7 didn't physically sign this in the United States. I
8 was in Colombia at that point in time.

9 But, again, I appreciate where he's coming
10 from. I mean I'm not disagreeing where he's coming
11 from. It says what it says, but I would like to check
12 that paragraph three in reference to the last document
13 I just looked at.

14 (Pause in proceedings.)

15 THE WITNESS: I'm looking for the document
16 with the letters. Do you remember the two letters?

17 MR. BERKOWITZ: I'm sorry, I don't know which
18 two letters you're referring to.

19 THE WITNESS: The ones with that --

20 THE COURT: To Lou?

21 THE WITNESS: -- were sent to Scientific
22 Chemical.

23 MR. BERKOWITZ: P-18? That's P-18.

24 THE WITNESS: P-A-T?

25 THE COURT: 18.

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1 THE WITNESS: 18.

2 MR. BERKOWITZ: 1-8. Plaintiff's 1-8.

3 (Pause in proceedings.)

4 THE WITNESS: See, the dates on all this
5 stuff is so confusing. This letter was sent out
6 December 26th to Colonial Chemical, and the date of
7 this -- see, they never put dates on these things.
8 Do you know the date of this letter?

9 MR. BERKOWITZ: I'm sorry, I don't recall.

10 THE COURT: December 26th, 2010 at the top.

11 MR. BERKOWITZ: Oh, yes, I believe that is
12 the date.

13 THE WITNESS: Okay. Then it corresponds
14 exactly with the letter to Colonial Chemical. I guess
15 that's why.

16 THE COURT: Exhibit 18, they are two letters.

17 THE WITNESS: But, the second I have no
18 knowledge of, okay. The first letter is my signature.
19 The second letter I didn't even know existed.

20 But, again, so basically if it corresponds I
21 must have told the attorney that this is the letter I
22 sent to Colonial, okay, and that's why they put this
23 reading the way it's read, so they do match, right?
24 There is no conflict there?

25 It says about "Complete Group, LLC is now a

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1 successor in interest in the confidentiality agreement
2 excluded between SCIX, an LLC and Colonial Chemical,"
3 and this say the "Plaintiff is the owner of a certain
4 asset included but not limited to a chemical formula
5 which is used to sell to seal leaks and engines of
6 older automobiles."

7 THE COURT: Oh, I can't speak for Mr.
8 Berkowitz, but I am sure he is going to say this is
9 consistent, because the letters suggest that complete
10 group is now the successor of interest to SCIX and now
11 is the holder and owns the formula. And that's what
12 you are alleging in the complaint, too?

13 THE WITNESS: Yes.

14 THE COURT: Not you, but Complete Group is
15 alleging.

16 THE WITNESS: Right. And that is something
17 that I think, if I am able to, I would like to change
18 back to the original. Okay. I mean I can live with
19 this, okay, because they do match each other. The
20 letters don't -- there is no conflict between the two
21 letters or the document and the letter. They are the
22 same date.

23 THE COURT: Well, we will have to see, but I
24 don't think looking at them they appear to be
25 consistent.

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1 THE WITNESS: Oh, no, that's right. I can't
2 do anything with them right now.

3 THE COURT: I am sorry, what?

4 THE WITNESS: It is in default, Complete
5 Group. All right. P-51.

6 (Pause in proceedings.)

7 MR. BERKOWITZ: I am sorry, did you say P-51?

8 THE WITNESS: Yes.

9 MR. BERKOWITZ: You were just looking at
10 that. It is the complaint.

11 THE WITNESS: Okay. Is that what that was?
12 Okay. P-14. Again, it is the license agreement. The
13 license agreement speaks for itself. It is a document
14 for Complete Group and Steel Seal Pro. I don't see
15 anything wrong with it, so I am not going to address it
16 any further.

17 Okay. Now, the next question is a statement
18 that you made in reference to Teresa not being able to
19 go to -- to go to pick up the physical assets, because
20 she didn't know where they were.

21 I assume that since you have been in the
22 collection business for a number of years that you have
23 some way of finding out where assets are. He can't
24 answer that, right?

25 THE COURT: Right.

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1 THE WITNESS: Okay. All right. Questioning
2 Mr. Hipple. "Mr. Hipple, do you think that Teresa had
3 any way of locating the assets when she had time before
4 I foreclosed on the assets?"

5 My answer, my answer is that I am assuming
6 that her attorney, Mr. Berkowitz, who has been in the
7 business for such a long time has many ways and plenty
8 of different people that can locate assets. I am sure
9 he has been doing this for many years.

10 So, as far as the physical assets that were
11 there after he levied on the bank there was no reason
12 that he could not find or even tried to find, and I
13 don't believe he mentioned that, he even tried to find
14 the physical assets of SCIX, because I don't, and it is
15 my opinion, I don't believe that they were interested
16 in the physical assets.

17 (Pause in proceedings.)

18 THE WITNESS: I just want to see what it is
19 before I mention it. Okay. P-130, again, is another
20 set -- is number one, two and three of the different
21 versions of what assets and intellectual properties.
22 Okay. There is three versions, okay, and I don't know
23 which one is the best. So, again, I have to admit that
24 there are three separate versions of that document,
25 Kevin Fogerty's and two versions by me.

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1 (Pause in proceedings.)

2 THE WITNESS: Okay. I am at P-24, and again
3 I will keep the same statement that I tried to make
4 earlier. This is a document that was sent to SCIX. I
5 have no knowledge of the document and I object to even
6 being asked about the document but, again, I have no
7 knowledge of this document.

8 (Pause in proceedings.)

9 THE WITNESS: P-8, the judgment note. Okay.
10 Again, I explained that earlier, that the language in
11 the second paragraph about creditor waiving all
12 previous or accrued interest and just from a standpoint
13 that that language would have to be somebody that, I
14 don't know, for some reason, why they would waiver
15 their interest, I don't know.

16 But, again, I explained this earlier, that
17 Mr. Fogerty thought the note was a \$210,000 note on the
18 date and he didn't realize it had an amortization
19 schedule with interest payments, or I am sure as an
20 attorney he would have never put that information in
21 there.

22 P-12, okay. P-12 gets back to Mr.
23 Berkowitz's statements, okay. In reference to, okay,
24 because I came back to the United States on my
25 attorney's advice and filled out certain documents to

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1 protect my interest in my loan, that it was a
2 deliberate attempt to have SCIX go out of business.

3 Well, SCIX owed me so much money, okay, not
4 only the \$210,000, the money for the J.C Consulting
5 loans and also the royalties. So, we always hoped that
6 if it continued, SCIX, which was at the point of growth
7 over the last years, which the expert report shows,
8 okay, that Brian was starting to finally grow, okay.

9 And it was always my position that, okay,
10 naturally he is my son, all right, it is not a stranger
11 that I lent all of this money to, and I was always
12 hoping that at one point in time that he would build
13 the company to where he could start paying me back what
14 I was entitled to and also pay Teresa what she was
15 entitled to.

16 And during Teresa's settlement for her
17 accident, right, back in the 2000s, okay, when she
18 worked for SCIX, the actual projections for the first
19 year of sales, okay, was two million, four million,
20 eight million, 12 million, because there was over half
21 a million blown head gaskets in the United States,
22 okay. And we spent a lot of time and money on
23 advertisement, which she's very familiar with. She had
24 a lot to do with the advertisement, okay. She took
25 care of the talent for the actual tape. She took --

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1 MR. BERKOWITZ: Objection, Your Honor. this
2 is beyond the scope of the cross.

3 THE COURT: All right, that's all right. Go
4 ahead. You -- I'll overrule the objection. Why don't
5 you finish?

6 THE WITNESS: Yeah, she took care of the
7 talent and had a lot of input, good input in the early
8 part. And that's why I gave her ten percent of the net
9 profit also, okay? So what happened was these large
10 projections over the -- over the years, right, and when
11 she had her accident actually helped her, Your Honor,
12 by terminating her, okay, because she could no longer
13 work, made her settlement from her salary, which she
14 would only receive maybe about \$900,000 in settlement.

15 But because she had that letter from me of
16 ten percent of the net profit and the projections that
17 we gave to the insurance company for what the
18 projections were for the Steel Seal to sell, allowed
19 her settlement to be much greater than what it would
20 have ever been.

21 So it kind of -- we all kind of had great
22 hopes of this company. This is -- I'm sorry, but this
23 is what took place, all right? No.

24 THE COURT: Go ahead.

25 THE WITNESS: Okay.

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1 THE COURT: Finish up.

2 THE WITNESS: That's basically it, okay --THE
3 COURT: All right.

4 THE WITNESS: -- on that as far as that's
5 concerned. That was the only big to-do I had.

6 (Pause in proceedings.)

7 THE WITNESS: Okay, P-36, there's nothing in
8 my book. I think you gave me another volume than
9 volume one to look at.

10 (Pause in proceedings.)

11 THE WITNESS: Okay, it's the application that
12 was submitted, okay, which I never seen and I never had
13 anything to do with, and I object to you putting it
14 into evidence.

15 And, again, the application for the credit
16 card was actually in Craig Hock's name, which shows on
17 one of the American Express credit cards. I did not
18 have the capability of having the application because I
19 didn't have a bank account. I did not live in the
20 country, and I did not own a home or anything like
21 that, so Craig Hock volunteered.

22 Craig Hock handled all the application
23 information, okay? I had nothing to do with it. And
24 it finally got approved, and as of this day, today,
25 while I'm speaking, he is the one on the credit

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1 application still. Again, it was his doing, he dealt
2 with it, and I don't even think I was around when that
3 document was produced.

4 (Pause in proceedings.)

5 THE WITNESS: That was 36, right?

6 MR. BERKOWITZ: Yes, that was P-36.

7 (Pause in proceedings.)

8 THE WITNESS: Exhibit P-47 is information for
9 the credit card under steelseal. -- or Steel Seal, LLC,
10 with the information of Steel Seal, LLC, which was
11 never applied for as a credit card, okay, and this was
12 open for one day at a bank, which I explained earlier.

13 On confidential information, I was told not
14 to use this because it was part of the -- of the
15 lawsuit, so this never went anywhere. It never went
16 for application, it never did anything. I had a bank
17 account for one day and then it was closed.

18 (Pause in proceedings.)

19 THE WITNESS: P-52, I don't understand what
20 the document is in reference to. It seems like it's a
21 timeline, and I can't remember what he spoke about, so
22 I can't -- I can't comment on it. Oh, no, it's D-52,
23 I'm sorry. I'm trying to rush the best I can. Okay.
24 Okay.

25 D-52 is a document that I produced about the

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1 income I received in reference to the sale of the
2 assets that were taken. It is 122,000 because the
3 majority of the bottles were UK bottles, and I'm making
4 the statement under oath that they were UK bottles,
5 okay. And, as I stated earlier, that was the gross
6 sales without any G and A, any expenses, to ship,
7 transport, or whatever. So I didn't get 122,000.

8 (Pause in proceedings.)

9 THE WITNESS: Okay, Mr. Berkowitz opened up
10 P-91, and I'm going to take this to a finger through.
11 I'm just going to grab a different one.

12 (Pause in proceedings.)

13 THE WITNESS: All right. That is a sample of
14 American Express that he picked out naturally because
15 it had high numbers on it. I'm going to P-8 -- P-98.
16 Okay, anybody can follow along if they want. My
17 charges are \$1,617. Brian's charges are 22,000. Yes,
18 there are personal charges for Brian on this, okay?

19 THE COURT: This is to both of you. I don't
20 need any more information on this Amer --

21 THE WITNESS: Okay, fine.

22 THE COURT: I understand the point.

23 THE WITNESS: Okay.

24 THE COURT: I mean there some personal --

25 THE WITNESS: Well, he keeps bringing it up,

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1 Your Honor.

2 THE COURT: -- but there's a lot of business
3 relations.

4 THE WITNESS: Yeah.

5 THE COURT: And I think Mr. Berkowitz would
6 agree with that, there's --

7 THE WITNESS: Yeah.

8 THE COURT: -- a lot of business charges. So
9 let's move on. I mean really, seriously --

10 THE WITNESS: Okay.

11 THE COURT: -- that's beating a dead horse.

12 THE WITNESS: Yes. I just thought I had to
13 respond, sir.

14 THE COURT: All right.

15 THE WITNESS: Okay. All right, that is it.

16 THE COURT: Okay. Mr. Berkowitz, do you have
17 anything else?

18 MR. BERKOWITZ: Are you ready, Mr. Hipple?

19 THE COURT: I hope it's not a lot.

20 MR. BERKOWITZ: I have no questions, Your
21 Honor.

22 THE COURT: Good. Okay.

23 MR. BERKOWITZ: I'm done with this, with the
24 witness.

25 THE COURT: Now, look, let's stop for a

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1 minute. All right, so are there any exhibits you want
2 to introduce? You're resting your case, right?

3 MR. HIPPLE: Yes. Yeah, I submitted the
4 American Express, right? You have that, right?

5 THE COURT: Right.

6 MR. HIPPLE: And that -- and the re-doing of
7 the schedule, showing the total liabilities --

8 THE COURT: All right.

9 MR. HIPPLE: -- of the company at the time.
10 And I --

11 THE COURT: I think we covered it.

12 MR. HIPPLE: I think we covered it.

13 THE COURT: But I want to make sure -- I want
14 to give you an opportunity if there's anything else
15 you --

16 MR. HIPPLE: Just let me look on my desk real
17 quick.

18 THE COURT: All right.

19 MR. BERKOWITZ: Was D -- I think D-504 was
20 the timeline that I used. I think that was admitted.

21 MR. HIPPLE: I don't think it was ever
22 admitted. Was it?

23 THE COURT: No, but do you want that
24 admitted?

25 THE WITNESS: I don't remember admitting it.

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1 I didn't do it.

2 MR. BERKOWITZ: I have no objection. I had a
3 D-504 number on mine. I --

4 THE COURT: I think we marked it because he
5 used it.

6 MR. HIPPLE: Here's the other copy.

7 THE COURT: You used it, Mr. Hipple.

8 MR. HIPPLE: Yeah, I used it.

9 THE COURT: Right.

10 MR. HIPPLE: I have it.

11 THE COURT: Do you want that into evidence?

12 MR. HIPPLE: No, I don't --

13 THE COURT: All right, fine.

14 MR. HIPPLE: I don't think it's necessary.

15 THE COURT: Okay.

16 MR. BERKOWITZ: No objection.

17 MR. HIPPLE: No, I don't think it's
18 necessary, Your Honor. All right.

19 THE COURT: All right, now, let -- anything
20 else? Okay. Now let me just -- Mr. Berkowitz, do you
21 want to be heard on anything?

22 MR. BERKOWITZ: Nope.

23 THE COURT: All right. So here's the rules
24 on closing arguments. Now, let's talk about our timing
25 here.

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1 MR. HIPPLE: What time is it?

2 THE COURT: It's 5:30.

3 MR. HIPPLE: We each get 15 minutes.

4 THE COURT: No. Hold on for a minute. He
5 goes first because he has the burden of proof. You go
6 second. He has a chance for rebuttal.

7 MR. BERKOWITZ: Your Honor, if it would speed
8 things up, if we could just agree to split the time if
9 Mr. Hipple goes first?

10 THE COURT: All right.

11 MR. BERKOWITZ: And I'll rebut and we'll be
12 done.

13 THE WITNESS: Well, how will you rebut?

14 THE COURT: Well, why don't you go first for
15 15 minutes and he goes and answers you in 15 minutes?

16 MR. BERKOWITZ: I don't want to give up my
17 rebuttal time.

18 THE COURT: Okay.

19 MR. BERKOWITZ: That's why I said that he can
20 go --

21 THE COURT: Why don't you do --

22 MR. BERKOWITZ: -- and then I'll close.

23 THE COURT: Why don't you do ten minutes, he
24 does 15, and you can do five rebuttal?

25 MR. BERKOWITZ: Okay.

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1 THE COURT: Does that add up to an --

2 MR. BERKOWITZ: I don't even know --

3 THE COURT: -- half hour?

4 MR. BERKOWITZ: -- if I'm going to take that
5 long, Your Honor.

6 THE COURT: All right. So it's 5:30 now.
7 I'll give you until --

8 THE WITNESS: You're on the clock --

9 THE COURT: -- 5:45 and then --

10 THE WITNESS: -- Mr. Berkowitz.

11 THE COURT: -- unless you want to reserve
12 some rebuttal. And then why don't you go to ten
13 minutes, and then I'll give him -- I'll give him ten
14 minutes, and then you can have five minutes rebuttal?

15 MR. BERKOWITZ: I don't even know if I'm
16 going to --

17 THE COURT: All right, fine.

18 MR. BERKOWITZ: -- take that long, Your
19 Honor.

20 THE COURT: Let's go.

21 MR. BERKOWITZ: I think --

22 THE COURT: Right.

23 MR. BERKOWITZ: -- you've had the opportunity
24 to hear the evidence, fully hear the evidence.

25 THE COURT: So just talk about the relief. I

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1 mean that's what I want to hear about.

2 MR. BERKOWITZ: That was --

3 THE COURT: Because B.B. Management is not a
4 defendant. They hold the assets now.

5 MR. BERKOWITZ: Yes.

6 THE COURT: Right. Clement Hipple is the
7 defendant here. Tell me -- tell me what you're asking
8 the Court to do here.

9 MR. BERKOWITZ: Your Honor, the relief that
10 we're seeking --

11 THE COURT: Right.

12 MR. BERKOWITZ: -- falls under the equitable
13 relief under PUFTA, P-U-F-T-A. It provides broad
14 equitable relief. I think it's uncontested that the
15 assets of SCIX are now in the possession of B.B.B.
16 Management Group and that Mr. Hipple received about
17 \$240,000 in cash from Steel Seal proceeds when he
18 obtained the money from -- in the Complete Group/Steel
19 Seal Pro lawsuit.

20 THE COURT: You said 140. You meant 240?

21 MR. BERKOWITZ: 240.

22 MR. HIPPLE: 240.

23 MR. BERKOWITZ: I'm sorry if I misspoke.

24 THE COURT: Yes, 240.

25 MR. BERKOWITZ: 240.

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1 THE COURT: Right.

2 MR. BERKOWITZ: And that money Mr. Hipple
3 has. What we're -- first of all, when I started this
4 collection all I wanted to do was collect the notes.
5 It was \$350,000. And, as I said before, at that time I
6 was working for SMS, as I've done, and --

7 THE COURT: It was probably less than 350
8 because she got some money from the garnishment.

9 MR. BERKOWITZ: It was 338,000 at the time.

10 THE COURT: Right.

11 MR. BERKOWITZ: And that's all I wanted. And
12 SMS, when they controlled it, they have every time
13 agreed to a payment plan. But when I got -- after the
14 garnishment and I did the interrogatories in aid of
15 execution and I went on the internet, everything was
16 gone. Gone. I had nothing to execute against.

17 It was -- under Pennsylvania law, I don't see
18 how you could find a more classic fraudulent conveyance
19 under the statute intentionally. You don't have this
20 kind of paperwork when it's not intended to be done the
21 way it's done.

22 Whether Mr. Hipple had bad intentions or not,
23 that's the nature -- that's the name of the act. And
24 if you look, there are badges of fraud, and you don't
25 even need those badges, although they're all present

Mr. Hipple - Redirect

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1 here. The paperwork itself shows the intention. And
2 what we want is the equitable relief so that Ms.
3 Concepcion can receive the \$338,000 that she should
4 have received from SCIX.

5 THE COURT: Do you look at the time of the --
6 what you're alleging is a fraudulent -- do you look at
7 what she's owed at that time?

8 MR. BERKOWITZ: That's what --

9 THE COURT: Do you freeze it?

10 MR. BERKOWITZ: That's what I'm looking at,
11 and then the interest that starts to accrue on that.

12 THE COURT: Okay.

13 MR. BERKOWITZ: And that's what got us to the
14 550,000 where we are today. And under the terms of the
15 note, and under the terms -- the equitable terms of the
16 Act and the decisions of the Third Circuit, punitive
17 damages are permitted. And the Third Circuit has
18 approved the payment of attorneys fees as part of
19 punitive damages, and attorneys fees are due under the
20 terms of the note.

21 THE COURT: Right. So that would be -- if I
22 did find in your client's favor, that would be subject
23 to a later petition.

24 MR. BERKOWITZ: Yes.

25 THE COURT: Right.

Mr. Hipple - Redirect

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1 MR. BERKOWITZ: I would file a petition --

2 THE COURT: Right.

3 MR. BERKOWITZ: -- for attorneys fees and --

4 THE COURT: Right. Right.

5 MR. BERKOWITZ: -- go through that process.

6 THE COURT: So you want a judgment against
7 Mr. Clement Hipple in the amount of \$550,000?

8 MR. BERKOWITZ: Yes, I do. I want a judgment
9 against all the defendants in the amount of \$550,000,
10 including -- the exact number is on P-32 -- P-132,
11 against all of the defaulting defendants. Although,
12 you know, you see that these are all corporate entities
13 that have been stripped clean.

14 However, I want the judgment against Melissa
15 Moreno as the administratrix of the estate so that if I
16 have to pursue that because the estate did not list
17 SCIX as an asset and it didn't list Steel Seal Pro as
18 an asset, and she received a distribution, the
19 Prudential life Insurance Policy that came from the
20 assets of Steel Seal, I would like the ability to seek
21 that relief if I need to. And I think I'm entitled to
22 because those assets were not listed. They were just
23 stripped. They lost their value also through the
24 process.

25 You heard Mr. Hipple has no bank account. We

Mr. Hipple - Redirect

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1 need equitable relief to know what assets he has, where
2 they are, what names they're held in, so that we can
3 execute upon them, and without that, we really have
4 nothing.

5 We know where the business of SCI went --
6 SCIX went, it went to B.B.B. Management group, although
7 we've done no discovery. We don't know if it's still
8 there and doing what it's doing. And so we need that
9 broad type of equitable relief so we can get paid.

10 This is exactly what the law, the
11 Pennsylvania law, was enacted for, exactly.

12 THE COURT: On these other corporate
13 defendants, are they entitled to a separate hearing
14 other than what's in the record here today? And help
15 me out on this because we had the two defendants and
16 Mr. Hipple consented to a default. I entered that
17 order.

18 The other defendants, I'm not quite sure the
19 procedural history of how they -- there was a default
20 entered against them. I know Judge DuBois said later
21 on, he'll have a hearing.

22 MR. BERKOWITZ: This --

23 THE COURT: But --

24 MR. BERKOWITZ: Oh, I'm sorry.

25 THE COURT: Go ahead. You're saying this is

Mr. Hipple - Redirect

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1 the hearing?

2 MR. BERKOWITZ: This is -- he -- what didn't
3 happen, he granted summary judgment against them.

4 THE COURT: Right. He didn't have a hearing?

5 MR. BERKOWITZ: Correct, because he couldn't
6 put a dollar amount on it.

7 THE COURT: Right. But they have an -- the
8 corporations have a -- they have a right to be heard at
9 least to challenge the amount. That's what I'm
10 concerned about.

11 You're asking me that this be the hearing and
12 do the corporations have an opportunity to come in and
13 contest? They're not -- obviously -- Mr. Hipple like
14 discharged his counsel for himself and the two
15 corporations for this trial, but has the corporations
16 discharged their attorneys on the other?

17 MR. BERKOWITZ: Yes, they were discharged.
18 They were actually released from the case. Melissa
19 Moreno controlled those as the administratrix of the
20 estate. She chose not to defend this case. It's her
21 choice.

22 You know, SCIX was owned by Brian Hipple
23 other than whatever reservation of rights Mr. Hipple
24 kept. It's gone. You know, and only Melissa Moreno --

25 THE COURT: Here's my --

Mr. Hipple - Redirect

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1 MR. BERKOWITZ: -- could act for the company.

2 THE COURT: Here's my question. So Clement
3 Hipple is an individual. The assets that were
4 transferred -- Teresa Hipple was a creditor to SCIX?
5 That's the note?

6 MR. BERKOWITZ: Correct.

7 THE COURT: Right. So your allegations are
8 that SCIX transferred all its assets, made a fraudulent
9 transfer, transferred all the assets to Complete Group
10 or whatever the succeeding entity was?

11 MR. BERKOWITZ: Yes.

12 THE COURT: Okay. I know there's a number on
13 it.

14 MR. BERKOWITZ: Yeah. No, you don't want to
15 hear it again.

16 THE COURT: So if I misspeak, correct me.
17 SCIX has defaulted. You want to get a judgment against
18 SCIX. But now you're asking the Court to enter a
19 judgment against an individual who was not, and correct
20 me if I'm wrong, was not an officer of SCIX at the time
21 of the fraudulent transfer, right?

22 MR. BERKOWITZ: Yeah. Are we talking about
23 Melissa Moreno?

24 THE COURT: No, I'm talking about Clement
25 Hipple.

Mr. Hipple - Redirect

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1 MR. BERKOWITZ: I contend that Clement
2 Hipple, because of his reservation of the voting
3 interest of 75 percent, really controlled SCIX and he
4 was an officer in every respect.

5 And if you listened to his testimony today,
6 which I know you did, he controlled that entity
7 completely. According to his own testimony, I disagree
8 with his analysis of the effect of a patent and a
9 formula and the ability to split the item that's being
10 patented from the formula. I disagree with that. But
11 you heard --

12 THE COURT: So let's assume he controls --
13 let's assume you're absolutely right, he controlled
14 SCIX after Brian Hipple died.

15 MR. BERKOWITZ: Even before.

16 THE COURT: All right. Brian Hipple died --
17 he had died previous to the fraudulent conveyance,
18 right?

19 MR. BERKOWITZ: No.

20 THE COURT: No?

21 MR. BERKOWITZ: He died two years after.

22 THE COURT: I'm sorry. Okay. So Brian --

23 MR. BERKOWITZ: We've had a lot of dates.

24 THE COURT: No, no, that's all right. So
25 Brian Hipple is alive and well and controlling the

Mr. Hipple - Redirect

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1 company, and I know you're saying Mr. Clement Hipple
2 also had a role in that.

3 But you're now asking me, and let's assume it
4 was a fraudulent conveyance, that SCIX fraudulently
5 conveyed all these assets to avoid Teresa Hipple's
6 debt. But, you're asking me to impose a judgment on
7 Clement Hipple individually for something that the
8 corporation and/or Brian Hipple may have done, and he's
9 not officially an officer of the company or owner of
10 the company. Just tell me how I can do that.

11 MR. BERKOWITZ: Okay. As I believe he's an
12 officer and director. You heard that --

13 THE COURT: But what proof do you have other
14 than the voting -- he retained voting rights?

15 MR. BERKOWITZ: The fact that he controlled
16 that assets in the business really. Brian Hipple had
17 nothing. Brian really worked for him, just like he did
18 when he went to Steel Seal Pro.

19 THE COURT: How can I say that? Where do I
20 look to in the record?

21 MR. BERKOWITZ: You look -- okay, you look at
22 the record. Steel Seal Pro was now selling Steel Seal
23 and generating a lot of revenue. According to the way
24 it was structured in the license agreement, all of that
25 money belonged to Complete Group.

Mr. Hipple - Redirect

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1 MR. HIPPLE: Time is up, Your Honor.

2 MR. BERKOWITZ: That's what it says in the
3 license agreement. And Brian Hipple was to be paid
4 \$10,000 a month for selling Steel Seal, like he had
5 done at SCIX. He was really just an employee through a
6 corporate structure. That's one way.

7 Clement Hipple also acceded to ultimately,
8 all the assets. He personally controls B.B.B.
9 Management. That is one of his assets, all proceeds
10 from the fraudulent conveyance. That's how Mr. Hipple
11 personally fits in here. Otherwise, we would have all
12 these corporations that can disappear, and then the
13 individual, I don't have anything, but he's got it all.

14 THE COURT: So it's almost like a successor
15 liability -- almost like a --

16 MR. BERKOWITZ: Well, there's --

17 THE COURT: -- successor liability of -- I'm
18 sorry. Go ahead.

19 MR. BERKOWITZ: Officers and directors
20 liability. You know, before you -- when you have a
21 company that's insolvent in Pennsylvania, you have a
22 duty to the creditors to make sure they get paid before
23 you.

24 If you look -- if you look at this, everybody
25 got paid except Teresa Hipple. Everybody got their

Mr. Hipple - Redirect

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1 money. And we saw that after SCIX disappeared, there
2 was a lot of money paid out to Brian Hipple and Melissa
3 Moreno and Clement Hipple, lots of it, cars and credit
4 cards and everything else. Everybody got their money
5 except Teresa. She's the only one.

6 MR. HIPPLE: Your Honor, ten minutes are up.

7 THE COURT: All right, let me hear from you,
8 Mr. Hipple. Thank you, Mr. Berkowitz. And then we'll
9 give you the last five minutes.

10 MR. HIPPLE: Your Honor, I think it's been
11 proven throughout the five days that I had no
12 involvement with SCIX. Brian owned the company. He
13 ran the company totally on his own.

14 Every witness here, I mean everybody that
15 spoke, including Ira, Colonial Chemical, and everybody
16 else, Brian owned the company and Brian operated the
17 company. I had no interest in the company. Okay.

18 There was a piece of paper that said about my
19 voting rights. Okay, that was a mistake. There never
20 was any meetings. We never voted on anything, okay?
21 I lived in Colombia, Your Honor, okay? Brian
22 controlled everything here in the United States. It
23 was his company.

24 THE COURT: Do you think this is fair?

25 MR. HIPPLE: What's that?

Mr. Hipple - Redirect

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1 THE COURT: Do you think what happened to Ms.
2 Hipple is fair?

3 MR. HIPPLE: No, of course not I --

4 THE COURT: Do you think it's fair?

5 MR. HIPPLE: -- don't think it's fair because
6 I think --

7 THE COURT: Do you think it's right.

8 MR. HIPPLE: -- if Ms. Concepcion wasn't so
9 angry after the divorce, okay, and foreclosed,
10 eventually, she would have got her money. As you could
11 see, Brian was building a business, okay? And this
12 whole lawsuit, by her attacking, okay, caused her own
13 problems, Your Honor, okay.

14 Look at the money I'm out, Your Honor. She's
15 out what? 350,000? I'm out over a million dollars,
16 okay? So let's put apples to apples here.

17 THE COURT: But you still have the company.
18 You still have B.B.B. Management.

19 MR. HIPPLE: Well, sure, because I --

20 THE COURT: You're still -- you're still
21 getting revenue.

22 MR. HIPPLE: Yeah, but because I owned the
23 chemical formula, Your Honor. I owned the website. I
24 owned the domain name. I owned everything. It's mine.
25 I could have thrown Brian out five years ago. Then

Mr. Hipple - Redirect

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1 where would Ms. Concepcion be? Nowhere. She wouldn't
2 have even gotten an interest for five more years.

3 I could have taken control and said Brian,
4 goodbye. I'm taking back my tangible assets, okay?
5 I'm no longer giving you the right to the chemical
6 formula. You can no longer use my website, okay? You
7 are done. Hypothetically, I could have done that an
8 any point in time, Your Honor.

9 Of course I wouldn't do it. I knew that she
10 had a loan. I was in Colombia. I was happy, okay?
11 Brian was paying her every month, okay? And everything
12 was going along fine, okay? But there was a little bit
13 of anger, as you could see in the courtroom.

14 She wouldn't even look at me most of the
15 time, okay, during my cross-examination, all right?
16 And that's the basis of this whole case. It has
17 nothing to do with SCIX, nothing to do with her -- with
18 her money. It's the anger of the divorce between me
19 and her, okay? And that's the -- that's the whole key
20 here. And she thought --

21 THE COURT: Well, it's about money. I mean
22 she lent money to the company.

23 MR. HIPPLE: Okay, yes, she --

24 THE COURT: You're not disputing that.

25 MR. HIPPLE: She lent the money.

Mr. Hipple - Redirect

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1 THE COURT: No one is disputing that the
2 money -- she lent the money, it was her own money, it
3 was generated by the auto accident, and she --

4 MR. HIPPLE: That is correct.

5 THE COURT: -- gave the money to SCIX.

6 MR. HIPPLE: Right.

7 THE COURT: It was an ongoing concern.
8 There's a lot of expectations that it would make
9 profits, and now there's no ability for SCIX to pay it
10 back because of what happened.

11 MR. HIPPLE: Well, because --

12 THE COURT: So you can understand the way she
13 feels.

14 MR. HIPPLE: Definitely. I -- 100 percent.
15 I understand. And, again, I had the option at any
16 point in time if I wanted to be the bad guy here, Your
17 Honor, or the fraudulent guy, as they led me out to be,
18 it's just to take everything and walk away.

19 And I could come to you, Your Honor, and say
20 okay, do you want to run this company? Everything
21 stays the same, Your Honor. You don't have to do
22 nothing. The website is there, the Steel Seal is being
23 manufactured, the boxes are being delivered.

24 Again, with the fraudulent conveyance, if I
25 would have sold this to this gentleman here, okay,

Mr. Hipple - Redirect

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1 everything would remain the same, okay? Nothing
2 changes. What would -- what would change? I don't
3 know, the ownership, the person, the company. That's
4 all that changed.

5 Everything in this kind of business, if I --
6 if I put it on the open market, okay, and try to sell
7 my chemical formula and my website, okay, nothing would
8 change. The next person would step in the same chair,
9 sit down, and do the same operation.

10 They're trying to say it's a fraudulent
11 conveyance because it's my son and we negotiated
12 together, okay? All right, yes, I wanted to keep my
13 son in business, of course. Yes, I want to see my son
14 have a job, yes, okay? I'm his father, okay? Now my
15 son is dead because of this, basically, all right,
16 because he lived his life to build a company, okay?
17 And she took that away from him. And she don't even
18 care.

19 So, therefore, again, I had the right to take
20 away everything, but I never did that, okay? She's the
21 one that made the move, the anger move, okay? It was
22 her fault. Now I have two grandchildren that don't --
23 don't have a father. I love my family.

24 THE COURT: You know, it's a shame in a way
25 that I'm the fact finder here because I really would

Mr. Hipple - Redirect

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1 like to sit both of you down here and work this out. I
2 really think there's an opportunity before I rule for
3 you to sit down with the lawyers and try to work this
4 out. That's the thing I think both of you should do.
5 I said this to Mr. Berkowitz to.

6 And I don't want a response because I'm
7 deciding the case, but -- it's going to take me a while
8 to decide this case, but I think you both should make
9 an effort to resolve it because, guess what, I'm going
10 to tell you what's going to happen. No matter how I
11 rule on this, and I may rule completely on your side,
12 but guess what, this is not going to end because, first
13 of all, there's default judgments against Melissa
14 Moreno --

15 MR. HIPPLE: Right.

16 THE COURT: -- who's the mother of your
17 grandchildren. Mr. Berkowitz is not going to give up
18 that. B.B. Management is still in business. He still
19 has a right to sue them.

20 MR. HIPPLE: Right.

21 THE COURT: Okay? I mean this is not going
22 to end.

23 MR. HIPPLE: But what he don't under --

24 THE COURT: So I mean you're a good man,
25 she's a good woman, but you can't -- you can't ignore

Mr. Hipple - Redirect

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1 what she's trying to do here. Now, she may not be
2 right. I mean maybe at the end I will rule against
3 her. I don't know, I'm going to look at this.

4 But she's owed this money, she put the money
5 in. She's got her own children. I mean we didn't get
6 into this, but I know she has her own children. She
7 talked about it.

8 MR. HIPPLE: Yeah, her children are grown.

9 THE COURT: Right.

10 MR. HIPPLE: They're on their own.

11 THE COURT: Well, she's got to support --
12 she's got obligations too. So she's got to -- you
13 know, this world is a tough place. She's got
14 obligations and people to take care of too, just like
15 you do, you have two grandchildren. But this is not
16 going to end. I mean it's not going to end.

17 You're a good man. I feel bad about what
18 happened to your -- I really do. I feel horrible about
19 what happened to you losing your son. I have four sons
20 myself. I could imagine if something happened to my
21 sons. But the bottom line is this is not going to end,
22 so you really should try to resolve it.

23 I don't want to get -- if you don't want to
24 resolve it, I don't want to know anything about it
25 because I'm going to call it the way it is, and

Mr. Hipple - Redirect

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1 everybody has a right to appeal. But you should -- you
2 should go back and, you know, search your soul and see
3 if there's any way -- and I say this to Mr. Berkowitz,
4 you can resolve this because this could go on -- we
5 heard how much everybody is spending here.

6 MR. HIPPLE: Yes.

7 THE COURT: I mean what you spend in legal
8 fees --

9 MR. HIPPLE: I never expected it to be that
10 way.

11 THE COURT: Wait. But what you spent and
12 what Mr. Berkowitz spent dwarfs the amount involved
13 that was in controversy.

14 MR. HIPPLE: Exactly. I never expected to --

15 THE COURT: Well --

16 MR. HIPPLE: -- spend that kind of money.

17 THE COURT: I know, but you really should sit
18 down and try to resolve it. So, you know, you got five
19 more minutes to make your arguments.

20 MR. HIPPLE: Okay.

21 THE COURT: Okay? I -- you know, I may order
22 the transcript. I'm going to plough ahead and decide
23 the case, but you both have an opportunity to resolve
24 it, and I think the move should come from you to Mr.
25 Berkowitz. You know what Mr. Berk -- I know the

Mr. Hipple - Redirect

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1 discussions, but he made clear what he wants, and you
2 got to make a move and talk to Mr. Berkowitz.

3 And he is a lawyer that -- he's been around a
4 long time, he knows the realities of collection. I'm
5 sure he'll try to resolve it. He'll try -- is that --
6 you'll try to talk --

7 MR. HIPPLE: I'm willing --

8 THE COURT: -- right?

9 MR. HIPPLE: I'm willing to do, Your Honor.
10 I'm willing to --

11 THE COURT: All right.

12 MR. HIPPLE: -- open up all my books and
13 everything.

14 THE COURT: Well --

15 MR. HIPPLE: The thing that he don't
16 understand though, Your Honor --

17 THE COURT: I don't want to talk settlement.
18 Talk about the case. But you just heard --

19 MR. HIPPLE: Okay. All right.

20 THE COURT: -- what I had to say.

21 MR. HIPPLE: The thing that they don't
22 understand is that Brian was the key figure, okay?
23 Brian was the 100 percent of the company, okay? And --
24 two years ago, Google changed their algorithms, okay,
25 what's called their algorithms, okay? And they put us

Mr. Hipple - Redirect

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1 from page one under "organic listings" to page five,
2 three, four, and five. We had a steady decline from
3 that point all the way down, okay? And it keeps going
4 down.

5 We're selling 20 bottles a day when we used
6 to sell 60, okay? And this documentation is not a lie.
7 This is true. And if Mr. Berkowitz wants to see that
8 documentation, I would be more than happy to provide
9 it.

10 THE COURT: All right, we're getting into the
11 settlement. Anything else --

12 MR. HIPPLE: The settlement, I offered a
13 settlement.

14 THE COURT: All right. Well, I don't want to
15 hear anymore about the settlement.

16 MR. HIPPLE: Okay.

17 THE COURT: I just am telling you just to --
18 there's still an opportunity to resolve this before I
19 decide. Now --

20 MR. HIPPLE: Well --

21 THE COURT: -- any other points you want to
22 make on this?

23 MR. HIPPLE: Yeah, the other points I guess I
24 want to make is when I took the company or whatever,
25 took the assets from the company, it owed so much debt

Mr. Hipple - Redirect

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1 that they never put in place, not only Teresa's debt,
2 all the other debt, my debt, JC Consultant debt, the
3 royalty debts, okay?

4 Sure, it was my money, but I put a lot of
5 money into this company, well over three to \$4 million
6 of my own money, okay? I never got it back. I'm
7 hoping someday that this thing would take off.

8 So when you really look at it, and I can
9 appreciate the situation, okay, and he thinks I'm
10 making this fortune now. We're very -- we had -- yes,
11 in his numbers, we were making a fortune, okay? We're
12 no longer making the fortune, okay? That's done with,
13 okay?

14 Basically, we've been trying -- we're trying
15 to do a whole new thing to put gas stations to do the
16 repairs right now all over the United States. We need
17 to make a change different than the other websites,
18 okay, and that's what I'm in the process of doing. I'm
19 trying to rebuild it in a different way than what Brian
20 would have done.

21 Again, the money is not there. I made a
22 \$5,000 offer to her per month so that she could live
23 off it or whatever.

24 THE COURT: I don't want to hear about your
25 offers.

Mr. Hipple - Redirect

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1 MR. HIPPLE: Oh, okay. I'm sorry. All
2 right. But, basically, the company is in a down spin
3 spiral because Brian is not here operating it. And
4 this is -- and you know my capabilities, okay?

5 Janitorial, I did very well because it was
6 one contract. I understood the contract more than the
7 people that were writing the contracts. So I did very
8 well in janitorial. It repeated itself everyday, the
9 same thing, okay? And I learned it, and I learned it
10 well, and I did very well and I made a lot of money in
11 janitorial, okay?

12 But in this business, I don't understand the
13 website. I don't understand how the CO -- SEO company
14 works. I don't understand none of that, okay? I have
15 to depend on people. In janitorial, I didn't depend on
16 nobody. I was smarter than everybody as far as that.

17 THE COURT: Right.

18 MR. HIPPLE: And I'm in the position right
19 now where I'm dependent on everybody, and it just keeps
20 spiraling down because yes, they tell me okay, we can
21 do -- I've changed three to four different companies in
22 the last two and a half years, Your Honor, to try to
23 get our listings back up to the organic listing, and we
24 still have been unable to do that.

25 But, again, when you look at it -- let's look

Mr. Hipple - Redirect

325

1 at what's really taking place here. They have accused
2 me of a fraudulent transfer, okay? That's not true.
3 No matter who would take over, it's just moving over in
4 the chair, okay? All right.

5 The company had so much debt, okay, I don't
6 know where possibly they could have came up with that
7 figure. They never considered the debt at all, okay?
8 They had the books.

9 I took the debt right out of their books,
10 okay, from their submissions, okay? They knew it, the
11 expert witness had an opportunity to look at that, and
12 he ignored it totally because he was told not to look
13 at that.

14 He was told to look at the income stream and
15 what the companies were, but don't look at the
16 liabilities side, okay? Don't pay any attention to all
17 the liability, all right? And never -- nothing was
18 done on the liability side.

19 My attorneys keep going with this fraudulent
20 transfer, and I kept -- and that's one of the reasons I
21 fired them. It's not about a fraudulent transfer.
22 It's about the company, okay? The company had no
23 assets, Brian had no net profit, okay? He had no
24 retained earnings, okay? Because he spent what he made
25 during the time.

Mr. Hipple - Redirect

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1 It's incorrect like anybody else in business,
2 as you grow, your income -- you take more income until
3 you get to a point where you start retained earnings.
4 I always had three to one retained earnings, okay, in
5 my business. Okay, I always had plenty of money. I
6 never bought anything on time.

7 But right now, I'm not in that position. If
8 I was, I would give her the money. I swear I would.
9 I'd definitely give her the money because money don't
10 matter to me anymore, Your Honor, okay? And I'm 70
11 years old and I'm working, and it don't make sense. It
12 really don't make sense. I'm only working because of
13 my grandchildren. It's the only reason I'm involved,
14 okay?

15 I'm happy in Colombia, Your Honor. I could
16 live off my social security check. I don't need any
17 money, okay? So, basically, the whole case should be
18 based on -- or your decision should be based on that
19 the company, sure, it was making money. Brian was
20 building it, yes, okay, but he had all these
21 liabilities, okay?

22 They set a figure of just basically on the
23 revenue and never looked at the liabilities. Nobody
24 paid attention to the liabilities, even my expert
25 witness. He's counteracting the fraudulent transfer,

Mr. Hipple - Redirect

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1 okay? Nobody -- and that's -- and that was the biggest
2 problem I had with my attorneys towards the end.
3 Nobody is looking at the liabilities.

4 I did the -- I did the schedule myself. They
5 never did a schedule, okay? And that -- that's what
6 prompted the termination of the attorneys, okay. Plus,
7 I just received a bill from them the other day, \$40,000
8 up to date, and they charged me.

9 THE COURT: I don't want to hear about that.

10 MR. HIPPLE: Okay.

11 THE COURT: Okay.

12 MR. HIPPLE: 40 grand.

13 THE COURT: Just one last question before I
14 hear from Mr. --

15 MR. HIPPLE: Okay.

16 THE COURT: How much -- taking -- well, let's
17 go back to was it October of 2010? That's the critical
18 period, right?

19 MR. HIPPLE: October what?

20 THE COURT: Was it --

21 MR. HIPPLE: 2010, yes.

22 THE COURT: 2010.

23 MR. HIPPLE: That's when the --

24 THE COURT: Right? That's when --

25 MR. HIPPLE: -- everything --

1 THE COURT: -- SCI no longer --

2 MR. HIPPLE: They attacked --

3 THE COURT: Right.

4 MR. HIPPLE: -- took the money from me.

5 THE COURT: How much did SCIX owe you? What
6 does the trial record show? You talked about the
7 liabilities.

8 MR. HIPPLE: Well --

9 THE COURT: You said they didn't -- when they
10 evaluated the company they didn't consider your
11 liabilities. You just told me that, right?

12 MR. HIPPLE: Right, that is correct, yeah.

13 THE COURT: How much should they have --

14 MR. HIPPLE: Well, the loan is a loan for JC.
15 Just the loan by itself was around 550,000, okay?

16 THE COURT: Now, that's as of that time?

17 MR. HIPPLE: Right. Okay? 210,000 was my
18 personal money, okay? And I don't know where to put a
19 figure on the royalty figures, Your Honor. I don't
20 know what to do with that because, again, I gave you
21 another one and I think it brought it down to 300,000.

22 THE COURT: Wait, now let's go over that.
23 You're saying that the royalties that were owed to
24 you --

25 MR. HIPPLE: I --

1 THE COURT: -- from SCIX --

2 MR. HIPPLE: I knocked out five years because
3 he questioned and challenged me on I got -- I received
4 five payments. So I took five years of royalties away.

5 THE COURT: Right.

6 MR. HIPPLE: Okay? And I only added back in
7 the royalties that -- from the documentation that he
8 was showing in --

9 THE COURT: How much --

10 MR. HIPPLE: -- the sales.

11 THE COURT: How much royalties were owed to
12 you back in -- what's the evidence show?

13 MR. HIPPLE: 300,000 it would have been.

14 THE COURT: Is that in the evidence here?
15 That's what --

16 MR. HIPPLE: Yes, uh-huh.

17 THE COURT: -- he testified to?

18 MR. HIPPLE: It's in his documents, yes.

19 THE COURT: Okay. So is that where you get
20 up to the 1.2 million?

21 MR. HIPPLE: Yeah, around 1.2 million, yeah.

22 THE COURT: Okay.

23 MR. HIPPLE: It actually was a lot higher,
24 but yes.

25 THE COURT: All right. I heard it. I think

1 it's Mr. Berkowitz's turn.

2 MR. HIPPLE: Okay, Your Honor.

3 THE COURT: Thank you.

4 MR. HIPPLE: Thank you.

5 (Pause in proceedings.)

6 MR. BERKOWITZ: Your Honor, when I began this
7 five years ago it was never my intention to hurt
8 anybody. I heard for the first time about how Brian
9 Hipple died in court during the testimony.

10 THE COURT: I know that. You're just --
11 you're doing your job, right.

12 MR. BERKOWITZ: I reached out to Mr. Hipple's
13 lawyer from day one trying to settle this case, more
14 times, attended settlement conference. Every time I
15 talked to them I said don't you want to settle this
16 case? I've seen a lot of these cases. This is a --
17 the case is here.

18 I asked Mr. Hipple this morning do you want
19 to talk about settlement? Whether --

20 THE COURT: Why don't you sit down, Mr.
21 Hipple? Sit down.

22 MR. BERKOWITZ: -- the company is doing well
23 or not now --

24 THE COURT: Yes, let me make it clear. I am
25 not -- I am not going to be influenced by anyone's

1 willingness or unwillingness to settle. I'm not
2 putting any pressure on anybody. I'm just making an
3 observation, which I think, you know, I think is
4 obvious to everybody. But go ahead.

5 MR. BERKOWITZ: The -- you know, Mr. Hipple,
6 I understand looking at it from a layman's perspective.
7 I understand that. I understand being rankled at it
8 being called the Pennsylvania Fraudulent -- Uniform
9 Fraudulent Transfer Act. That's the name of the Act.

10 THE COURT: Right.

11 MR. BERKOWITZ: That's what we call it.

12 THE COURT: Right.

13 MR. BERKOWITZ: But, you know, everything in
14 the documents was a mistake. The lawyer made a
15 mistake. It doesn't say what it says. You know the
16 documents say what they say and they mean what they
17 mean at the end of the day.

18 Teresa Hipple didn't cause her own problems.
19 She got a divorce. She was entitled to be paid. If
20 somebody had picked up the phone on the first day, this
21 would have been worked out.

22 I don't know if I'm -- I don't want to call
23 myself a hunting dog, but, you know, once somebody
24 takes off, that's not right. And Ms. Concepcion was
25 left without a remedy, and my job was to bring her

1 remedy.

2 And the idea that this case has cost Mr.
3 Hipple a million dollars, and I don't doubt it, if
4 somebody had picked up the phone, I could have saved
5 him a lot of money. But we had to get here today.

6 THE COURT: Right.

7 MR. BERKOWITZ: And you saw that this was a
8 contested case. We have corporations, no corporate
9 formalities, and a lot of small companies are like
10 that. And the personal expenses, that's how you pierce
11 the corporate veil.

12 And I would ask the Court to consider the
13 complaint, the amended complaint, to be amended to
14 conform to the proof at trial because there were so
15 many things that were brought out here today -- this
16 wee that give rise to other causes of actions that were
17 not pled.

18 THE COURT: Well, I'm not going to do that.

19 MR. BERKOWITZ: But I --

20 THE COURT: I'm staying with whatever you
21 alleged.

22 MR. BERKOWITZ: I understand that --

23 THE COURT: Right.

24 MR. BERKOWITZ: -- Your Honor. All we want
25 is Ms. Hipple to be made whole and the attorneys fees

1 to be paid. We're entitled to that. That's what the
2 Act was put in place to protect, and we've never asked
3 for anything more than that.

4 THE COURT: You've filed proposed findings
5 and so did your lawyer filed proposed findings.
6 There's a document that was submitted earlier on in
7 this case which is proposed findings of fact and
8 conclusions of law. It's kind of a like a brief for me
9 to follow.

10 MR. HIPPLE: Right.

11 THE COURT: So I'm going to look at both of
12 them. I didn't have a chance to look at them.

13 MR. BERKOWITZ: I don't think it would be
14 fair for Mr. Hipple. I was planning to ask, and I
15 believe Ms. Bowman asked, to be allowed to update that
16 after the trial because --

17 THE COURT: All right.

18 MR. BERKOWITZ: -- there were --

19 THE COURT: Do you plan to order the
20 transcript or no? Are you --

21 MR. BERKOWITZ: I wasn't planning to.

22 THE COURT: Okay, fine.

23 MR. BERKOWITZ: I -- I want --

24 THE COURT: That's fine. That's fine. All
25 right, would you want -- in other words, he wants an

1 opportunity to submit -- to supplement the proposed
2 findings, and I'll give both of you lead to do that.
3 How much --

4 MR. HIPPLE: I prefer that --

5 THE COURT: -- time do you want?

6 MR. HIPPLE: -- you don't because, again,
7 that's something that I'm not capable of doing, Your
8 Honor.

9 THE COURT: Well, it's -- he -- I'm going to
10 allow it because I -- it will help me, and I need help.

11 MR. HIPPLE: But what am I going to do on my
12 side?

13 THE COURT: Well, that's -- either do it
14 yourself or seek help that you do it.

15 MR. HIPPLE: What is -- what is the post
16 findings in reference to?

17 THE COURT: You'll look at the -- basically,
18 it's -- it's basically saying this is what we want you
19 to find, Judge, and this is what we want you to
20 conclude.

21 MR. HIPPLE: Okay. Do you have any objection
22 if I hire an attorney to do that post findings? Is
23 that illegal?

24 THE COURT: No, it's not illegal.

25 MR. HIPPLE: Okay. So I can hire an attorney

1 to see the original one that she filed and then I can
2 explain?

3 THE COURT: Right. But I'm going to cut it
4 off and I'll give you 30 days to do it. Does that --
5 how much time do you want?

6 MR. BERKOWITZ: Yeah, I would --

7 THE COURT: How much time do you need?

8 MR. BERKOWITZ: If Mr. Hipple wants more --

9 THE COURT: How much time do you need?

10 MR. BERKOWITZ: I would -- 30 days would be
11 adequate for me.

12 THE COURT: All right. So today is the --
13 well, what's today? August 1st. September 1st.
14 September 1st you have to submit it to me.

15 MR. HIPPLE: Okay.

16 THE COURT: And I don't care who submits it
17 or who helps. Just get it to me.

18 MR. HIPPLE: Do you have my e-mail? Can you
19 have your secretary send me the original one, because I
20 don't think I can find it in the documents.

21 THE COURT: Well, it's been filed of records.

22 MR. HIPPLE: Yeah, but, Your Honor, look back
23 there on the bench, okay?

24 MR. BERKOWITZ: I hope Mr. Hipple will talk
25 to me before he does that.

1 THE COURT: Hold on for a minute. I'll give
2 you a copy of what I have so -- I should be able to get
3 a copy of these. I got to get going soon here, so --

4 (Pause in proceedings.)

5 MR. BERKOWITZ: Thank you, Your Honor.

6 THE COURT: Thank you.

7 (Pause in proceedings.)

8 THE COURT: I'll tell you what, let me -- I'm
9 not sure -- have they been filed of record, do you
10 know?

11 MR. BERKOWITZ: I think so, but I'm not
12 positive, Your Honor.

13 THE COURT: Yes.

14 MR. BERKOWITZ: You know what --

15 THE COURT: I have copies, but I want to make
16 sure to file a record so I can get a copy. But I think
17 they probably should be. I'm sure they are.

18 MR. HIPPLE: Well, you have copies probably
19 somewhere, right, Mr. Berkowitz?

20 MR. BERKOWITZ: I hope I do.

21 MR. HIPPLE: Maybe he can just e-mail me
22 then. I'm sure he must have it.

23 (Pause in proceedings.)

24 MR. BERKOWITZ: I'm sure they're in your
25 file, but if you contact me --

1 MR. HIPPLE: I'll -- yeah, I'll give you my
2 e-mail address before we leave because I don't --

3 MR. BERKOWITZ: No, I want you to contact me
4 so we can talk about it.

5 MR. HIPPLE: I'll be --

6 THE COURT: Why don't you contact him?

7 MR. HIPPLE: Okay. I'll do it directly
8 through him, Your Honor.

9 THE COURT: Ask him for the proposed
10 findings. And it's up to you but, you know, you heard
11 what Mr. Berkowitz said, he's a realist about
12 collection of cases and he would be happy to try to
13 resolve it.

14 MR. HIPPLE: Okay, fine.

15 THE COURT: And, you know -- okay? This is
16 not -- it's a very complex case and no matter how I
17 rule, somebody is going to appeal, and that's going to
18 be more money,

19 MR. HIPPLE: Appeal?

20 THE COURT: Right. You have a right to
21 appeal and Mr. Berkowitz has a right to appeal. I
22 don't know how I'm going to come out on this. And then
23 there's further litigation, so if you can try to
24 resolve it, that's great.

25 MR. HIPPLE: We don't need that.

1 THE COURT: All right. Are you okay then?
2 You'll give him a copy?

3 MR. BERKOWITZ: Absolutely.

4 THE COURT: Okay. But do it quickly because
5 it's September 1st I want it.

6 MR. HIPPLE: Yeah.

7 THE COURT: Okay.

8 MR. HIPPLE: I'll send it to you --

9 MR. BERKOWITZ: I'll do it next week because
10 I won't respond.

11 MR. HIPPLE: I'll send it to you in Spanish,
12 Your Honor, okay?

13 THE COURT: Well, here, take this. Take
14 this.

15 MR. HIPPLE: No, in case --

16 THE COURT: All right.

17 MR. HIPPLE: -- you can't find it. I want to
18 make sure --

19 THE COURT: Fine.

20 MR. HIPPLE: -- you have it, okay?

21 THE COURT: Good. All right, have a -- have
22 a good weekend.

23 MR. BERKOWITZ: Thank you.

24 THE COURT: I'll wait to hear from you on
25 September 1st, okay?

1 MR. BERKOWITZ: Yes, Your Honor.

2 MR. HIPPLE: Okay.

3 THE COURT: All right, thanks.

4 MR. BERKOWITZ: Thank you, Your Honor.

5 MR. HIPPLE: Thank you, Your Honor.

6 THE COURT: I may order the transcript.

7 MR. HIPPLE: Thank you for all your patience.

8 THE COURT: I may order this on my own, so
9 we'll see. All right.

10 MR. HIPPLE: Thank you, Your Honor. I
11 appreciate your patience.

12 THE COURT: All right.

13 (Proceedings adjourned, 6:06 p.m.)

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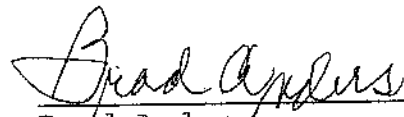
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CERTIFICATION

I, Brad Anders, do hereby certify that the foregoing is a true and correct transcript from the electronic sound recordings of the proceedings in the above-captioned matter.

10/4/15
Date


Brad Anders